WORKIVA INC
Form 10-K
February 23, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2016

OR

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

For transition period from to

Commission File Number 001-36773

WORKIVA INC.

(Exact name of registrant as specified in its charter)

Delaware	**47-2509828**
(State or other jurisdiction of incorporation	(I.R.S. Employer Identification Number)

or
organization)
2900 University Blvd
Ames, IA 50010
(888) 275-3125
(Address of principal executive offices and zip code)
(888) 275-3125
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Class A common stock, par value $.001	**New York Stock Exchange**

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

Indicate by a check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ý
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý
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 ý No o
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer ý
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No ý

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 30, 2016, based on the closing price of $13.66 for shares of the Registrant’s Class A common stock as reported by the New York Stock Exchange, was approximately$382.5 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 21, 2017, there were approximately 30,397,664 shares of the registrant's Class A common stock and 10,867,888 shares of the registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required in response to Part III of Form 10-K (Items 10, 11, 12, 13 and 14) is hereby incorporated by reference to portions of the Registrant’s Proxy Statement for the Annual Meeting of Stockholders to be held in2017. The Proxy Statement will be filed by the Registrant with the Securities and Exchange Commission no later than 120 days after the end of the Registrant’s fiscal year ended December 31, 2016.

EXPLANATORY NOTE

On December 10, 2014, Workiva LLC was converted into a Delaware corporation and renamed Workiva Inc. For convenience, except as the context otherwise requires, all information included in this Annual Report on Form 10-K is presented giving effect to the conversion of the company into a corporation.

WORKIVA INC.
FORM 10-K
For the Year Ended December 31, 2016
TABLE OF CONTENTS

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Annual Report on Form 10-K other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Item 1A. Risk Factors." Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after completion of this Annual Report on Form 10-K to conform these statements to actual results or revised expectations.

Table of Contents

Part I.

Item 1. Business

Overview

Workiva provides enterprises with cloud solutions for improving productivity, accountability and insight into business data. Workiva created Wdesk, a collaborative work management platform for organizations to collect, link, report and analyze their business data. Wdesk's proprietary word processing, spreadsheet and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, granular permissions and a full audit trail. Wdesk helps mitigate risk, improves productivity and gives users confidence to make decisions with real-time data. As of December 31, 2016, we provided our platform to more than 2,700 organizations, including more than 70% of Fortune 500 companies.

Enterprises often struggle to manage, report, analyze and understand their ever-expanding volume of data. Many organizations are required to report an increasing amount of disparate information to a variety of regulators, boards and other stakeholders, straining organizations' ability to produce consistent data and reports. Legacy processes and disconnected technologies are inefficient at helping users find, understand and report the most critical and relevant information on a timely basis. Organizations often rely on manual processes, large teams, third-party consultants and a variety of point solutions, such as business productivity software, email and general-purpose collaboration software. Exacerbating these challenges is the continued growth in size and complexity of many enterprises, with employees and data spread around the world. The stakes for enterprises are high; reporting incorrect, incomplete or untimely information increases the risks of poor decision-making, legal liability, reputational damage and a weakened competitive position.

Wdesk addresses these challenges, and we believe our platform is changing the way people work. Our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk. With Wdesk serving as a single system of record for critical business data, our customers can have more time to perform value-added work by eliminating repetitive, manual and time-consuming tasks imposed by legacy software. Furthermore, the technology features people have come to expect as consumers – speed, access and sharing – are available at work with Wdesk, thereby enabling our customers to become more efficient and flexible, which we believe leads to greater job satisfaction, employee retention and career mobility.

Wdesk enables coworkers to create, review and publish data-linked documents and reports with greater control, accuracy and productivity than ever before. Wdesk is flexible and scalable, so users can easily adapt it to define, automate and change their business processes in real time, which helps our users increase efficiency by streamlining and modernizing legacy processes and methods.

With Wdesk data linking, changes are automatically updated in all linked instances – including numbers, text, charts and graphics – throughout a customer's spreadsheets, word-processing documents and presentation decks in the Wdesk platform. Linking ensures that collaborators are working with the most current data, which reduces operational costs related to tedious ticking and tying and gives our customers peace of mind that their data and reports are accurate.

Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. A complete record of data provenance and all changes helps our customers mitigate risk, gain insights and make better, data-driven decisions.

Table of Contents

With Wdesk permission controls, administrators can control access at all levels, down to an individual data point, for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, outside counsel and other consultants, which streamlines the review process and reduces expenses.

Wdesk's Evidence Management allows users, including internal audit and Sarbanes Oxley Act (SOX) compliance teams, to digitally embed and annotate evidence in work papers with a complete audit trail, which helps our customers better identify, assess and mitigate risks. Similarly, finance and accounting teams use Wdesk's Digital Support Binders to attach and annotate a variety of substantiating documents when reporting to boards of directors, auditors and regulators who require proof of data in annual and quarterly reports to the U.S. Securities and Exchange Commission (SEC).

Wdesk allows users to work anytime from anywhere with an internet connection, enabling them to:

- Create trusted datasets that are linked and aggregated throughout Wdesk documents, spreadsheets, presentations and reports.
- Control access to datasets, reports and workflows throughout the organization and with external stakeholders.
- Collaborate among thousands of users working in real time on a secure, cloud-based platform.
- Streamline and automate business processes, saving time and resources.
- Present critical data and reports to internal and external constituents.
- Gain insights with improved transparency of data provenance and collaborators' changes.
- Decide with confidence based on trusted data and reports.

Wdesk Technology

Our technology is enterprise grade and developed to perform at scale. Wdesk utilizes Google Cloud Platform and Amazon Web Services, which enable us to scale our compute and storage capacity on an as-needed basis. We can deploy incremental changes to our customers on a daily basis by employing a continuous delivery process supported by Agile software development methodologies and a proprietary quality assurance process. As a result, all of our customers access the latest version of our platform, and upgrades are applied with minimal disruption to ongoing operations. In addition, in order to keep our customers' data secure, we have developed advanced data security protocols that augment the standard security of the Google and Amazon cloud services. Our architecture has scalability for global enterprises, as well as advantages in reliability and cloud delivery.

Platform Milestones

In March 2010, we released our first software solution, which focused on streamlining reporting to the SEC. SEC filings, such as Form 10-K, Form 10-Q and proxy statements, are lengthy and complex documents that require significant collaboration across multiple business functions and external constituents, including auditors and lawyers. Our SEC solution enables customers to automate and improve their regulatory filing process.

In March 2013, we launched our Wdesk collaborative work management platform to respond to the growing demand from our customers to use Wdesk for work beyond SEC reporting. We have continued to add solutions to the Wdesk platform over time by identifying markets where Wdesk can address a wide range of critical business challenges for our customers. We employ a rigorous process to validate and prioritize new markets based on the number of customers that could benefit from a new solution and our assessment of Wdesk's ability to address that challenge.

In 2016, we enhanced our Wdesk Data Platform, which powers one of the largest and fastest spreadsheet applications in the cloud and improves data relationships for SOX and internal control teams. Our Data Platform offers dynamic dashboards, automates reporting, and supports advanced testing workflow.

Markets and Use Cases

Today, we offer Wdesk solutions for a wide range of use cases in the following markets:

- Finance and accounting, including:
  SEC (including Section16 and Forms 10-K, 10-Q, 8-K, N-4, N-6 and Form S-1 and related IPO readiness), Canada's System for Electronic Document Analysis and Retrieval (SEDAR), eXtensible Business Reporting Language (XBRL), Inline XBRL, digital support binders, investor relations including earnings call scripts and press releases, data collection for financial footnotes, statutory reporting, Comprehensive Annual Financial Report (CAFR) and budgeting for state and local governments, financial reporting and planning for universities, Global Reporting Initiative (GRI), investments compliance, and integrated financial planning.
- Audit and internal controls, including:
  Sarbanes-Oxley Act (SOX), internal controls over financial reporting (ICFR), evidence management, testing, Model Audit Rule (MAR-SOX), audit management, dashboards, audit risk assessments, planning, legal compliance, and issues management.
- Risk and compliance, including:
  Enterprise Risk Management, risk assessments, risk framework, board reporting and a wide range of regulatory reporting, such as Own Risk Solvency Assessment (ORSA), Solvency II, Resolution and Recovery Plans (RRP), Comprehensive Capital Analysis and Review (CCAR), and Dodd-Frank Stress Testing (DFAST).
- Operations, including:
  Strategic business plans, monthly management reports, managing and tracking key performance indicators (KPIs), integrated planning, Environmental, Health and Safety (EHS) reporting, data collection for domestic sales, performance reporting, and employee benefit financial statements.

The efficiency of our Wdesk platform allows us to continue to leverage new products into adjacent markets. In addition, Wdesk is flexible and scalable in a way that allows our customers to continually find new uses for Wdesk.

Sales and Marketing

Our "land-and-expand" sales strategy focuses on acquiring new customers and building our existing customer relationships by using a direct-sales model. In addition, in the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect our partners to include technology companies, consultants, service providers and accounting firms. We expect our partners to support our sales efforts through referrals and co-selling arrangements, as well as expand the use of Wdesk through integrated technology offerings.

Table of Contents

Our customer success and professional services teams help our account managers build our existing customer relationships by providing advice and best practices that enable users to harness the full power of Wdesk. We believe our sales strategies position us to build relationships over time as we add new users and solutions and expand to additional markets and geographies.

Many of the largest and most demanding enterprises in the world are our customers. We have a broadly diversified customer base; our largest customer represented less than 1% of our revenue in 2016. We believe that we have exceptional customer satisfaction, as evidenced by our subscription and support revenue retention rate of 95.4% (excluding add-on seats) as of December 2016. Our subscription and support revenue retention rate including add-ons was 107.4% at the December 2016 measurement date.

We have experienced high revenue growth since the release of our first solution in March 2010. Our revenue increased from $14.9 million in 2011 to $178.6 million in 2016, representing a 64% compound annual growth rate. We incurred a net loss of $41.2 million in 2014, $43.4 million in 2015 and $44.0 million in 2016. Approximately 80% of our revenue in 2016 was derived from subscription and support fees, with the remainder from professional services.

Our Industry

Key Industry Trends are Driving a Fundamental Shift in How Enterprises Collect, Manage, Report and Analyze Critical Business Data.

Data is Disparate. Enterprise data is typically spread across hundreds of different sources and stored in incompatible formats. While many enterprises maintain data in a structured enterprise resource planning (ERP) system, International Data Corporation estimates that more than 90% of the data businesses create is “unstructured,” which is defined as unorganized data that resides outside the realm of ERP. Organizations often struggle with creating efficient and trusted solutions to harnesses this data in ways that can support decision-making.

Changing Regulatory Requirements. Legislation, such as SOX and the Dodd-Frank Act, continues to drive complex reporting mandates. SOX requires public company CEOs and CFOs to individually certify that their annual and quarterly financial reports are accurate and complete and to assess the effectiveness of their internal controls over financial reporting. Increased scrutiny from the Public Company Accounting Oversight Board (PCAOB) on audits of management’s assessment of internal controls – and the transition in the framework used for assessing internal controls – is driving public companies to find more efficient and accurate solutions for SOX compliance.

Governmental agencies charged with implementing these legislative mandates and others, such as the SEC, the Canadian Securities Administrators, the Federal Reserve System, the Federal Deposit Insurance Corporation, the U.S. Department of Energy and the U.S. Environmental Protection Agency, continue to issue and change regulations that affect existing reporting requirements. Regulators are also implementing new, industry-specific reporting requirements. For example, in recent years insurance companies have been required to produce reports for Own Risk Solvency Assessment (ORSA) and Model Audit Rule, often referred to as MAR-SOX because of its similarity to SOX compliance.

XBRL Use is Growing. Regulators are demanding greater standardization and structure in the data that companies report. For example, the SEC requires that public companies include “interactive financial data” in filed annual and quarterly reports so that an investor can immediately extract the data and compare it to performance in past years, information from other companies and industry averages. The SEC implemented its interactive data mandate by requiring companies to tag the financial data in their filings using XBRL, which is a royalty-free, international format designed specifically for business information. XBRL provides a unique, electronically readable tag for each individual disclosure

Table of Contents

item within business reports. In June 2016, the SEC began allowing public companies to submit financial statements using Inline XBRL, a format that embeds XBRL in the financial statements, thus eliminating the need to file two documents. Use of XBRL enables government agencies to automate screening and analysis of filed documents. For example, the SEC Division of Enforcement has integrated the analysis of XBRL data into its investigative processes. We expect the use of XBRL in the United States to continue to grow. For example, the Digital Accountability and Transparency Act of 2014 (DATA Act), which had broad bipartisan support, mandates that in 2017 federal agencies report spending information to the U.S. Department of Treasury (Treasury) and Office of Management and Budget (OMB) using a non-proprietary data standard. Treasury and OMB have designated XBRL as the data standard to be used for such reporting. In addition, Treasury and OMB are required to decide in 2018 whether to require recipients of federal contracts and grants to submit reports to the agencies using XBRL. We also expect the use of XBRL to grow outside the United States, as securities regulators, stock exchanges and taxing authorities in several countries (such as Australia, Brazil, Canada, China, Denmark, Finland, Germany, India, Israel, Japan, the Netherlands, Singapore, South Korea, Spain and the United Kingdom) already collect XBRL data. The European Securities and Market Authority (ESMA) announced in December 2016 that beginning on January 1, 2020, issuers in the European Union must report their company information to national securities regulators using Inline XBRL.

Increasing Management Oversight. Enterprises are under increasing pressure to report a growing amount of information to internal management teams, boards of directors, internal and external auditors, and other stakeholders. We believe that data needs to be collected, reported and analyzed more rapidly than ever before. Management teams are increasingly focused on leveraging data to support critical decisions. At the same time, boards of directors are pressing organizations to improve transparency in order to better fulfill their fiduciary duties.

Structural Shifts in Workforce Organization. Market dynamics and the globalization of enterprises have changed the way people work together. Organizations are becoming increasingly global, with employees geographically distributed to support strategic and business needs. Workforce flexibility initiatives have resulted in more employees working remotely.

Consumerization of Enterprise IT. Technical advancements in smart phones and tablets have enabled the proliferation of mobile devices across the enterprise. Enterprise cloud-based solutions are becoming increasingly common and are enabling employees to work from anywhere with an internet connection, often from a mobile device. The rapid advancement of consumer applications, particularly social media, have raised expectations for enterprise technology as employees expect their workplace technology to achieve the same level of functionality, performance and ease of use as the consumer technology that permeates their daily lives.

Legacy Business Processes and Solutions Are Insufficient for the Requirements of Modern Enterprises.

For many enterprises, the process of compiling, reporting and analyzing critical data has been manual, repetitive and error-prone. Large enterprises often employ hundreds or even thousands of people to manually collect data and to create and update rolling versions of draft documents and underlying spreadsheets using legacy business productivity software and niche, point solutions. Modern enterprises require a level of real-time collaboration, security and control that we believe outdated business productivity software and point solutions do not deliver. Shortcomings of legacy business processes and solutions include the following:

Access to resources is restricted. Traditional solutions require employees to be physically present at, or remotely logged into, a machine with the required technology and access permissions. Enterprise remote networks can be plagued by connection and performance challenges. These impediments restrict

Table of Contents

productivity as employees attempt to complete work at home and while traveling and often lead to unapproved workarounds that may expose sensitive data.

Collaboration is inefficient and risky. Traditional office software requires one person to work on one version of a presentation or report at one time. This rigidity creates challenges as concurrent versions lead to a tedious and time-consuming reconciliation process. Collaboration requires opening and closing, saving and sending, and communicating outside the document rather than inside the document, all of which adds time to document creation and risk to document integrity.

Workflows are rigid and serial. Workflows for presentation and report production operate as a series of dependent events, with workers being unable to advance sections they are responsible for while waiting for their turn in the document-production process. Any section completed out of order risks data integrity and has the potential to lengthen – rather than reduce – production timelines. Unanticipated events at any step in the workflow may slow down the entire process.

Dataset creation is highly manual. Traditional dataset creation relies on ad-hoc processes and loosely defined protocols to consolidate a patchwork of disparate data sources with different owners and storage locations across the enterprise. Enterprise databases are typically controlled by IT personnel, requiring additional resources and time to query, access and manipulate data. Compiling the same dataset in future periods often requires the same amount of time as the initial effort as enterprises are unable to leverage prior work to roll forward datasets.

Edits are error prone and lack audit trails. Traditional software does not permit linking references to a single source, so when a change is made it does not flow throughout the document or related documents. The integrity of a group of related presentations and reports is at risk every time a number is edited, and worker productivity is lost in a cycle of implementing edits and reviewing for errors. Traditional solutions do not offer visibility into data provenance or the lineage of changes to a document. Audit trails often consist of unsatisfactory solutions, such as tracked changes, which can be turned off; in-line comments, which are cumbersome to manage; and rolling versions, which lead to inefficient workflows and reconciliation.

Control is limited. With legacy software, multiple versions of a spreadsheet, presentation or report may be stored in numerous locations across an enterprise, making it difficult to control who can review and edit, and even more difficult to adjust these roles as the creation process evolves.

The Workiva Solution

We believe that we change the way enterprises and their employees work by enabling users to modernize risky and inefficient business processes with our Wdesk collaborative work management platform.

Integrated Platform of Business Applications Built on a Data Management Engine. Wdesk's proprietary word processing, spreadsheet and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, granular permissions and a full audit trail.

Controlled Collaboration. Our familiar, intuitive platform enables co-workers to collaborate within the same Wdesk document, spreadsheet, presentation or report at the same time from any location with internet access.

Data Consistency. With Wdesk data linking, any change is automatically updated in all linked instances – including numbers, text, charts and graphics – throughout a customer's spreadsheets, word-processing documents and presentation decks in the Wdesk platform. Linking enables customers to trust their data, which reduces operational costs related to tedious ticking and tying.

Table of Contents

Version Control. Wdesk enables coworkers to create, review and publish data-linked documents and reports in a single, secure cloud platform. Wdesk ensures that collaborators are working on the most current and accurate version and eliminates numerous, often conflicting versions of documents and emails that can be problematic with outdated legacy software.

Flexible Data Management. Our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk. With Wdesk serving as a single system of record for critical business data, our customers can have more time to perform value-added work by eliminating repetitive, manual administrative tasks imposed by archaic, legacy software.

Permissions and Security. With Wdesk permissions features, administrators can control access at all levels, down to an individual data point, for each user to create, edit, comment and review data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, outside counsel and other consultants, which streamlines the review process and reduces expenses.

Full Audit Trail. Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. A complete record of data provenance and all changes helps our customers mitigate risk, gain insights and make better, data-driven decisions.

Tasking, Workflow and Certifications. Users can assign and respond to tasks as well as request, review and approve documentation within Wdesk. A configurable, step-by-step workflow function helps team members and approvers streamline their processes. Our platform also provides a certification function that allows any Wdesk viewer to attest to the accuracy and completeness of documents and reports and allows administrators to monitor the process with customizable dashboards.

Digital Paper Trail. Internal audit and SOX compliance teams use Wdesk's Evidence Management feature to digitally embed and annotate evidence in work papers with a complete audit trail, which helps our customers better identify, assess and mitigate risks. Similarly, finance and accounting teams use Wdesk Digital Support Binders to attach and annotate a variety of substantiating documents to their financial reports when reporting to boards of directors, auditors and regulators who require proof of data in annual and quarterly reports to the SEC.

Consumer Product Features at Work. The technology features people have come to expect in their personal lives – speed, access and sharing – are available at work with Wdesk in a familiar interface, which we believe improves productivity and increases employee satisfaction.

Trusted Ecosystem for Critical Business Data. Our platform captures a complete history of a document's lineage, from the most granular edit to a spreadsheet cell formula to key document milestones. At the same time, Wdesk gives document owners the ability to manage document permissions down to a single section of a document. The ability to control access and user permissions with this level of granularity enables document owners to respond to evolutions in team composition and collaboration requirements. Ultimately, the robust audit and access control capabilities create transparency, accountability, integrity and confidence in the data creation and report generation workflows.

Enterprise Grade and Built for Scale. Our cloud platform allows our customers to implement and rapidly scale users and solutions within days, without the need to install and maintain costly infrastructure hardware and software necessary for on-premise deployments.

Secure Architecture. In addition to the physical, operational and infrastructure security protections provided by our technology partners, Google and Amazon, we work to protect our customers' data using enterprise-grade security measures. These measures include static and dynamic multi-factor authentication methods, strong encryption in-transit and at-rest and the adoption of aggressive web technologies, such as HTTP Strict Transport Security and Content Security Policies, to protect customers from the most common threat vectors. Secure coding practices are enforced through pre-production vulnerability scanning. In addition, Wdesk undergoes multiple security assessments each year by our customers and independent security firms.

Ability to Dynamically Define and Change Business Processes. Wdesk frees users from the confines of traditional business processes by allowing them to dynamically define processes on-demand to support evolving business needs. Wdesk enables multiple users to work in concert, allowing teams to redefine workflows and business processes without the traditional challenges of data integrity, personnel limitations and legacy software limitations. Users can make progress on different sections at different paces and redefine the workflow as needed to adapt to circumstances specific to the production of a single document or report. At the same time, managers gain an added level of insight into organizational dependencies, enabling them to reassign workflow and resources to further increase efficiency and reduce operational cost.

Benefits of Our Solution

Wdesk enables coworkers to simultaneously create, review and publish data-linked documents and reports with greater control, accuracy and productivity. A wide range of decision-makers and other users across our customers' organizations benefit from using Wdesk.

Benefits to Decision-Makers

Reduces Risk. Numbers, narrative, charts and graphics can be linked inside Wdesk, which becomes an organization's central repository for critical data or "single source of truth". With linked data and a full audit trail, managers can trust that Wdesk spreadsheets, word documents, presentations and reports are up to date and consistent, reducing the risk of reporting incorrect data or taking action based on incorrect data. In addition, Wdesk ensures that presentations and reports are published using the most recent business rules, formats and XBRL protocols.

Improves Data Transparency. Wdesk provides accountability and transparency through a detailed audit trail that tracks every change made by every user over time. Decision-makers benefit from the ability to drill down into each discrete data point, which increases data transparency, accountability and trust that critical business data across an organization is verified and accurate. A complete record of data provenance and all changes helps our customers mitigate risk, gain insights and make better, data-driven decisions.

Saves Time. Many presentations and reports that are created by using outdated, legacy software are burdened by manual, repetitive processes associated with collecting data, compiling and standardizing inputs across teams and incorporating numerous reviews, comments and revisions. Within the Wdesk platform, documents, data and graphics remain linked in a single version – along with embedded tasks, comments and supporting documentation – which reduces or completely eliminates repetitive, manual tasks, giving teams more time for analysis and other value-added work.

Streamlines Reviews. With Wdesk permission controls, administrators can control access at all levels, down to an individual data point, for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors, outside counsel, and other consultants, which streamlines the review process and reduces expenses.

Enables Quicker Decision-Making. Wdesk is an intuitive, cloud platform for data consistency and control. Through data linking and a full audit trail, decision-makers who use Wdesk know that they are working on the most current and accurate version, which helps our customers make quicker and better-informed decisions.

Benefits to End Users

Ubiquitous Access. Users can access our Wesk platform through a web-based interface and through our mobile application any time and anywhere an internet connection is available. By providing flexible access to Wdesk, end users can be productive at their workplace, in their homes or on-the-go.

Faster Time to Value. The Wdesk interface is familiar and intuitive so it can be easily deployed in hours or days, enabling new users to make immediate improvements to business data processes.

Better Collaboration. Our platform enables collaborators to draft and edit original work, assign and respond to tasks, make and resolve comments, track progress and certify sign-offs within the same document, spreadsheet, presentation or report at the same time from any location with internet access.

Higher Job Satisfaction. Wdesk helps end users reduce or completely eliminate repetitive, manual and time-consuming functions, thereby becoming more efficient and flexible, which we believe leads to greater job satisfaction, employee retention, cross-role training and career mobility.

Transferable Job Skills. The ability to work in Wdesk is increasingly being recognized as a transferable skill set desired by accounting, finance, compliance and operations teams. Wdesk proficiency often appears in our end users' resumes and becomes an attractive consideration in promotions within an organization or by recruiters looking for professionals with advanced skills.

Our Growth Strategy

To grow revenue, we are focused on acquiring new customers and expanding our existing customer relationships. Key elements of our growth strategy include:

Generate Growth From Existing Customers. Wdesk can exhibit a powerful network effect within an enterprise, meaning that the usefulness of our platform attracts additional users and the data that resides in it grows. As more employees of our customers use Wdesk, additional opportunities for collaboration and automation drive demand among their colleagues for add-on seats. Expansion within current customers includes (1) adding users for existing solutions and (2) adding users for new solutions. Examples include SOX compliance reporting and internal audit.

Pursue New Customers. Our first software solution enabled customers to streamline and automate their SEC regulatory filing process. In 2013, we began expanding into additional markets that are faced with managing large, complex processes with many contributors and disparate sets of business data. We now sell to new customers in the areas of finance and accounting, risk and compliance, audit and internal controls and operations. We intend to continue to build our sales and marketing organization and leverage our brand equity to attract new customers.

Offer More Solutions. We intend to introduce new solutions to continue to meet growing demand for our Wdesk collaborative work management platform. Our close and trusted relationships with our customers are a source for new use cases, features and solutions. We have a disciplined process for tracking, developing and releasing new solutions that are designed to have immediate, broad applicability, a strong value proposition and a high return on investment for both Workiva and our customers. Our advance planning team assesses customer needs, conducts industry-based research and defines new markets. This vetting process involves our sales, product marketing, customer success, professional services, research and development, finance and senior management teams.

Expand Our International Footprint. For the year ended December 31, 2016, we generated approximately 94% of our revenue in the United States. However, the growth drivers for our solution are similar in other parts of the world, including the need to reduce errors and risk, improve efficiency and respond to complex regulatory requirements. For example, European public companies are subject to regulation similar to SOX. Accordingly, we plan to continue to build our sales presence in Europe.

Continue to Innovate. We believe we are the first technology company to build an integrated platform on a data management engine that provides a secure ecosystem to manage structured and unstructured business data that spans data collection and linking, controlled collaboration, process management, streamlined reporting and data-driven decision-making. Our research and development efforts are focused on improving the Wdesk platform for broad use across all of our solutions. Our development teams deploy incremental changes to our platform for our customers several times each week. We employ a continuous delivery process supported by Agile software development methodologies and a proprietary quality assurance process.

In 2016, we enhanced the Wdesk Data Platform, which powers one of the largest and fastest spreadsheet applications in the cloud and improves data relationships for SOX and internal control teams. The Data Platform offers dynamic dashboards, automates reporting, and supports advanced testing and configurable, step-by-step workflows. We plan to continue to provide Wdesk users with even more effective ways to capture, store and connect data, and to manage workflow and documents.

Growth in Non-SEC Use Cases. We continue to focus on driving the non-SEC side of our business. We believe we have just begun to scratch the surface of these large and growing markets, and therefore, we are continuing to invest in software development, sales and marketing to help Workiva grow. For example, we continue to market Wdesk to the broad-based audit management market. Along with Enterprise Risk Management, audit management is a subset of a much larger market that is defined as Governance, Risk and Compliance – known as GRC – where we see a lot of expansion opportunities.

Expanding Across Enterprises. Our success in delivering multiple solutions has created demand from numerous customers for a broader-based, enterprise-wide Wdesk solution. In response, we have been evolving our business model, enhancing user management and improving our technology to capitalize on our growing enterprise-wide opportunities, even as we continue to focus on improving operating cash flow. We believe this maturation of broad-based Wdesk use will add seats and revenue and continue to support our high revenue retention rates. While we believe that enterprise-wide deployments are an opportunity to increase our sales of Wdesk, we expect that enterprise-wide deals will be larger and more complex, which tends to lengthen the sales cycle.

Adding Partners. In the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect these partners to include technology companies, consultants, service providers and accounting firms. We expect our partners to support our sales efforts through referrals and co-selling arrangements, as well as expand the use of Wdesk through integrated technology offerings.

Wdesk Markets and Use Cases

Our Wdesk collaborative work management platform enables organizations to collect, link, manage, report and analyze their critical data. Today, we offer Wdesk solutions for a wide range of use cases in the following markets:

Finance and Accounting

In the finance and accounting market, we sell Wdesk to public and private companies, state and local governments and universities that use our platform to improve business data processes and create a wide range of documents, presentations and reports for management, investors, boards, regulators, auditors and other stakeholders.

Table of Contents

SEC Reporting. We developed Wdesk to give customers control over the entire SEC reporting process, from data collection to drafting to embedding supporting documentation to the actual filing with XBRL. Our SEC reporting solution allows our customers to prepare and file all major SEC reports, such as Form 10-K, Form 10-Q and Form 8-K, as well as Form S-1 and other registration statements, proxy statements and Section 16 reports. Features tailored to the SEC reporting process include the capability to concurrently create reports in the HTML format required for filing on the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system and the ability to perform XBRL tagging as well as to submit SEC reports with Inline XBRL. Canadian issuers can use Wdesk to draft and file reports on SEDAR. Wdesk also enables customers to create earnings press releases, earnings call scripts, presentations and other investor relations materials with data linked to the corresponding filing.

Broader Use By Accounting and Finance Teams. Public and private companies, state and local governments and universities must create a vast array of complex financial and managerial reports to better drive real-time business decisions. Wdesk use cases include: strategic planning, budget and forecasting, board committee and quarterly reporting, C-Suite reporting, monthly operation and flash reports; statutory reporting, Comprehensive Annual Financial Report (CAFR) and budgeting for state and local governments, financial reporting and planning for universities, Global Reporting Initiative (GRI), investments compliance, and integrated financial planning.

Audit and Internal Controls

We sell Wdesk to people who work in Sarbanes-Oxley Act (SOX) compliance, internal controls over financial reporting (ICFR), evidence management, testing, Model Audit Rule (MAR-SOX) for insurance companies, audit management, dashboards, audit risk assessments, planning, legal compliance and issues management.

SOX and ICFR. Our customers use Wdesk to increase efficiency in documenting, implementing and assessing ICFR as required by SOX. SOX also requires public company CEOs and CFOs to individually certify that their annual and quarterly financial reports are accurate and complete and to assess the effectiveness of their ICFR. Increased scrutiny from the Public Company Accounting Oversight Board (PCAOB) on audits of management's assessment of internal controls – and the transition in the framework used for assessing internal controls – is driving public companies to find more efficient and accurate solutions for SOX compliance. With Wdesk, our customers can collect data from multiple departments, centralize that information in a linked platform, create and track process narratives and flows with co-workers, and embed evidence in internal audit work papers. We began selling our Wdesk solution to the SOX market in the second quarter of 2014. As of December 31, 2016, more than 480 customers used Wdesk for SOX and internal controls.

Audit Management. We sell to the broad-based audit management market because users in that market often collaborate with colleagues working in SOX and risk across an organization. Audit management, which is a subset of a much larger market that is defined as Governance, Risk and Compliance (GRC), extends throughout an organization, organically drawing in Wdesk users from a wide range of departments. Audit management, which includes audit risk assessments, the audit planning process and the internal audit group, faces the same challenges in managing and documenting information from disparate departments. Wdesk allows simultaneous collaboration with control, accountability and documentation of ICFR that is essential to auditors, executives and boards. With Wdesk permission controls, administrators can control access at all levels, down to an individual data point, for each user to create, review and edit data and documents that relate directly to them. This control feature also enables users to grant access to their external auditors and counsel, which further streamlines the review process and reduces expenses.

Table of Contents

Risk and Compliance

Changing regulations and mandates drive complexity in risk and compliance reporting, which is often carried out by teams scattered across different departments and geographies within organizations. While we cannot predict future changes that could affect federal regulations, we expect demand for Wdesk to remain strong as a platform for improving transparency, accountability and insight into business and government data.

We market Wdesk to address regulatory compliance risk and enterprise risk. Examples of regulations facing our customers include the Dodd-Frank Act, Basel III, Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD). Wdesk regulatory compliance risk use cases include Resolution and Recovery Plans (RRP), Comprehensive Capital Analysis and Review (CCAR), and Dodd-Frank Stress Testing (DFAST). Regulators are also implementing new, industry-specific reporting requirements. For example, in recent years insurance companies have been required to produce reports for Own Risk Solvency Assessment (ORSA) in the U.S. and Solvency II in Europe. With Wdesk, risk management practices can be integrated throughout the organization while maintaining information privacy, audit trails and security resulting in highly efficient and transparent compliance. Therefore, we also sell Wdesk for Enterprise Risk Management (ERM) as a solution for enterprises to identify systemic risks, determine risk probabilities, assess risk magnitude, plan strategic responses, and report to boards and other stakeholders. Wdesk also can help business leaders make real-time ERM decisions.

Operations

Operations teams across organizations of all sizes typically have to collect, track, manage and report on a wide range of operating metrics to better drive real-time business decisions. Our customers continuously find new use cases across their organizations, including board committee and quarterly reporting, C-Suite reporting, strategic business plans, monthly management reports, managing and tracking key performance indicators (KPIs), integrated planning, Environmental, Health and Safety (EHS) reporting, data collection for domestic sales, performance reporting, and employee benefit financial statements.

Our Platform Technology

Wdesk is the cloud-based, multi-tenant technology platform upon which all Workiva software solutions run. Wdesk is built on the Google Cloud Platform and Amazon Web Services and is composed of proprietary and open-source technologies. Users can access all Wdesk solutions with any standard web browser, mobile web browsers and iPad and Android applications. We believe that the following characteristics comprise our platform’s key competitive advantages:

Easy to Deploy and Configure. The Wdesk platform can usually be deployed within days for new customers and can be easily configured by the customer for individual employees or entire teams. Because our solutions are browser-based, customers avoid costly, time-intensive deployments typically associated with on-premise enterprise software.

High Performance. The performance of the Wdesk technology platform has been tested and proven by some of the largest, most demanding enterprises in the world. Our platform is built for organizations of all sizes. The architecture, design, deployment and management of our solutions are focused on enterprise-grade scalability, availability and security. Our underlying code base is continually optimized in order to ensure high performance for our users.

Always On. Our customers are highly dependent on our solutions for their business data management and reporting needs. As a result, Wdesk is designed as an “always on” service. Additionally, constant customer collaboration and development iteration allows us to offer our customers continuous improvements by releasing a new version of Wdesk nearly every business day.

Scales Rapidly. Wdesk is designed to support concurrent user sessions within a global enterprise, managing hundreds of millions of data elements while continuing to deliver rapid processing performance. A number of our customers have reported millions of links to single sources of data, among multiple documents, spreadsheets and presentations, without any noticeable negative effects on performance. Wdesk is designed to support millions of end users as a result of its scalability and our relationship with the Google Cloud Platform and Amazon Web Services.

Secure. Many of the largest enterprises in the world trust us with their most sensitive data. Wdesk employs stringent data security, reliability, integrity and privacy practices. In addition to our regular customer security assessments, we aggressively test the security of our operations by subjecting it to continuous and ongoing penetration and vulnerability testing (manual and automatic, internal and third-party). The quality of our data security efforts is validated by our annual completion of an independent audit process using the SSAE 16 standard. This standard is designed to determine whether a company has internal controls and safeguards that are suitably designed and effectively operating. The annual SSAE 16 examination includes coverage of security controls through performing SOC 1 Type 2 and SOC 2 Type 2 audits.

Research and Development

Our research and development team is distributed among nine office locations in North America and Europe, including our headquarters in Ames, Iowa.

Our research and development efforts are focused on improving the Wdesk platform for broad use across all of our solutions. Our development teams can deploy incremental changes to our platform for our customers on a daily basis. We employ a continuous delivery process supported by Agile software development methodologies and a proprietary quality assurance process. Our spending on research and development was $57.4 million in 2016, $50.5 million in 2015, and $44.1 million in 2014. Our investment in research and development has grown due to increased compensation and headcount related to dedicating more resources to the continued addition of new features and functionality to our platform.

To ensure new features are intuitive and efficient, each development team has a dedicated user interface designer who is focused on delivering an optimized user experience. Additionally, we continuously test our software code using a combination of quality assurance personnel and a proprietary automated testing suite. We believe our focus on user experience and our rigorous quality assurance culture are key differentiators that contribute to the success of our Wdesk platform.

Our Customers

Workiva is trusted by thousands of organizations, including global enterprises with hundreds of thousands of employees. As of December 31, 2016, we had more than 2,700 customers, including more than 70% of Fortune 500 companies. Our solutions change and optimize the way our customers do their work. Our customers are passionate, loyal supporters of our solutions, as demonstrated by our subscription and support revenue retention rate of 95.4% (excluding add-on seats) as of the December 2016 measurement date. Our subscription and support revenue retention rate including add-on seats was 107.4% as of the December 2016 measurement date.

Table of Contents

Our Competition

The intensity and nature of our competition varies significantly across our different solutions, as changes in regulation and market trends result in evolving customer requirements for enterprise software. Our primary competition includes:

- Manual business processes that rely on legacy business productivity tools;
- Diversified enterprise software providers;
- Niche software providers that provide point solutions;
- Providers of professional services, including consultants and business and financial printers;
- Governance, risk and compliance software providers; and
- Business intelligence / corporate performance management software providers.

As our market grows, we expect it will attract more highly specialized software vendors as well as larger vendors that may continue to acquire or bundle their products more effectively.

The principal competitive factors in our market include: product features, reliability, performance and effectiveness; product line breadth, diversity and applicability; product extensibility and ability to integrate with other technology infrastructures; price and total cost of ownership; adherence to industry standards and certifications; strength of sales and marketing efforts; and brand awareness and reputation. We believe that our cloud-based, collaborative work management platform has the combination of features and value to our customers that will continue to allow us to compete favorably.

Sales and Marketing

Our "land-and-expand" sales strategy focuses on acquiring new customers and growing our existing customer relationships. We believe that we have penetrated only a small fraction of our market opportunity, and we intend to continue investing in sales and marketing to drive growth.

Sales

Our sales organization is responsible for generating new customer opportunities and growing add-on sales. Our sales teams are structured by market segment and geographic locations. We believe our direct-sales approach allows us to effectively reach customers and prospects in a way that allows us to maintain control over the contract terms and build lasting relationships with our users.

In the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect these partners to include technology companies, consultants, service providers and accounting firms. We expect partnerships to support our sales efforts with referrals from third parties and co-selling arrangements, as well as expand the use of Wdesk through integrated technology offerings.

Our sales organization comprises sales development representatives, pre-solutions engineers and account managers. Our sales development representatives qualify sales-accepted opportunities for our account managers. Our pre-solutions engineers focus on solutions and custom product demonstrations and consultative sales. Our account managers work to attract new customers as well as expand Wdesk into new use cases and departments across our current customers' organizations.

Our customer success and professional services teams also help our account managers grow our existing customer relationships by providing advice and best practices that enable users to harness the full power of Wdesk.

We expect to continue to strengthen our sales coverage in our current markets, as well as expand our sales footprint in locations where we see a demand for our solutions. To achieve this growth, we plan to continue to hire energetic and motivated sales people with experience in large enterprise software sales organizations. We believe that our approach to hiring sales people, along with a progressive training, culture and compensation package will allow us to retain sales talent and continue to drive growth.

Marketing

Our marketing organization promotes our brand, generates demand for our offerings and researches and assesses product and market needs. Our advance planning team assesses customer needs, conducts industry-based research and defines new markets. Our product marketing team develops the go-to-market strategy for Wdesk as well as the applications built upon the platform and develops industry-level marketing messages. The product marketing team also supports our sales team with profiles of typical buyers, key messages, value propositions, competitive analysis and sales strategies.

Our demand generation programs are categorized by solution and industry and are focused on engaging business leaders, process owners and technology teams. We use a variety of marketing programs across traditional and social channels to target current and prospective customers, including:

- Using our website to engage and educate prospects on our platform and solutions.
- Employing search engine marketing and advertising, including search engine optimization and pay-per-click, to drive traffic to our website.
- Engaging customers and prospects through content marketing on social media, including Facebook, Twitter, LinkedIn and YouTube.
- Working with industry analysts to establish third-party validation and generate positive coverage for our platform and solutions.
- Sponsoring events and professional organizations, including the SEC Professionals Group and the SOX and Internal Controls Professionals Group.
- Producing webinars, workshops and customer meetings.
- Hosting our annual user conference, The Exchange Community (TEC), which brings our customers together with our developers, professional services and customer success managers to learn and collaborate. TEC is our largest user event each year and features sessions with industry leaders, business networking events and opportunities to share product ideas.
- Executing digital and print campaigns through advertising, e-mails and direct marketing.
- Creating sales tools and field marketing events to support our sales organization to more effectively convert leads into customers.

Professional Services and Customer Success

We believe our professional services and customer success teams are essential elements of our long-term success and differentiate our service from our competitors.

Professional Services. Professional Services include initial setup of documents; XBRL mapping, tagging and review; best practices implementation; and business process consulting. Our XBRL team is primarily composed of people with accounting or financial reporting experience who work with our customers to perform XBRL mapping, tagging and review services. We also employ a team of Solution Architects who offer consulting services to customers to improve and streamline their Wdesk-related business data processes.

Customer Success. Our customer success teams support our customers with in-depth knowledge and continuity for each customer's use of Wdesk. Our customer success managers provide 24/7 live customer support via phone, digital messaging and web-based conferencing. Each customer has an assigned customer success manager who is accountable for that customer's satisfaction. We provide intensive training to our customer success employees and segment them for each solution and market focus. We have an in-house, e-learning curriculum called "The Learn Center" for professional services and customer success employees to continue to develop skills related to Wdesk products, key markets and solution areas, management and compliance. The Learn Center also helps our employees stay current with industry and technology issues. In addition, we pay for employees to maintain professional certifications and licenses that are important to our customers, and we host regular company-wide employee education sessions on business, industry, technology and workplace topics.

Intellectual Property

Our intellectual property and proprietary rights are important to our business. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws and contractual protections in the United States and other jurisdictions.

As of December 31, 2016, we had 24 issued patents and 19 patent applications pending in the United States relating to our platform. We cannot assure you that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow or otherwise limit our claims. Any patents issued may be contested, designed around, found unenforceable, or invalidated, and we may not be able to prevent third parties from infringing them. We also license software from third parties for integration into our solutions, including open source software and other software available on commercially reasonable terms. We cannot assure you that such third parties will maintain such software or continue to make it available.

We control access to and use of our proprietary software and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, end-customers, and partners, and our software is protected by U.S. and international copyright laws. Despite our efforts to protect our trade secrets and proprietary rights through intellectual property rights, licenses, and confidentiality agreements, unauthorized parties may still copy or otherwise obtain and use our software and technology. In addition, we intend to expand our international operations, and effective patent, copyright, trademark, and trade-secret protection may not be available or may be limited in foreign countries.

If we become more successful, we believe that competitors will be more likely to try to develop solutions and services that are similar to ours and that may infringe our proprietary rights. It may also be more likely that competitors or other third parties will claim that our platform infringes their proprietary rights.

Our industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. In particular, leading companies in the enterprise software industry have extensive patent portfolios and are regularly involved in both offensive and defensive litigation. From time to time, third parties, including certain of these leading companies, may assert claims of infringement, misappropriation or other violations of intellectual property rights against us, and our standard license and other agreements obligate us to indemnify our customers against such claims. Successful claims of infringement by a third party could prevent us from distributing certain solutions or performing certain services, require us to expend time and money to develop non-infringing solutions, or force us to pay substantial damages (including enhanced damages if we are found to have willfully infringed patents or copyrights), royalties or other fees. In addition, to the extent that we gain greater visibility and market exposure as a public company, we face a higher risk of being the subject of intellectual property infringement claims from third parties. We cannot assure you that we do not currently infringe, or that we will not in the future infringe, upon any third-party patents, copyrights or other proprietary rights.

We have registered the “Workiva,” “Wdesk” and “WebFilings” trademarks and logos with the United States Patent and Trademark Office and in several jurisdictions outside the United States. We have also registered other trademarks in the United States and in other jurisdictions outside the United States. In addition, we intend to expand our international operations, and we cannot assure you that these names will be available for use in all such jurisdictions.

Litigation

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of any currently pending legal proceedings to which we are a party will not have a material adverse effect on our business, operating results, financial condition or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Employees

As of December 31, 2016, we had 1,172 full-time employees. Our headcount as of December 31, 2016 increased 4.5% from our headcount as of December 31, 2015. None of our employees is represented by a labor organization or is a party to any collective bargaining arrangement. We have never experienced a strike or similar work stoppage, and we consider our relations with our employees to be good.

Corporate Information

We were formed in California in August 2008 as WebFilings LLC. In July 2014, we changed our name to Workiva LLC, and we converted into a Delaware limited liability company in September 2014. On December 10, 2014, Workiva LLC was converted into a Delaware corporation and renamed Workiva Inc. Our principal executive offices are located at 2900 University Boulevard, Ames, Iowa 50010, and our telephone number is (888) 275-3125. Our website address is www.workiva.com.

Copies of annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), are available, free of charge, on our website as soon as reasonably practicable after we file such material electronically with or furnish it to the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

Table of Contents

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below. You should carefully consider the following risks and all of the other information contained in this report, including our consolidated financial statements and related notes, before investing in any of our securities. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks, or other risks and uncertainties that are not yet identified or that we currently think are immaterial, actually occur, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline. We may amend, supplement or add to the risk factors described below from time to time in future reports filed with the SEC.

Risks Related to Our Business and Industry

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

We were founded in 2008 and have a limited operating history. We began offering our first solution in March 2010 and launched Wdesk in March 2013. As a result of our brief operating history, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties (which we use to plan our business) are incorrect or change due to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We have not been profitable historically and may not achieve or maintain profitability in the future.

We have posted a net loss in each fiscal year since we began operations in 2008, including net losses of approximately $44.0 million in fiscal 2016, $43.4 million in fiscal 2015 and $41.2 million in fiscal 2014. While we have experienced significant revenue growth in recent periods, we are not certain whether or when we will obtain a high enough volume of subscriptions to sustain or increase our growth or achieve or maintain profitability in the future. In addition, we plan to continue to invest in our infrastructure, new solutions, research and development and sales and marketing, and as a result, we cannot assure you that we will achieve or maintain profitability. Because we intend to continue spending in anticipation of the revenue we expect to receive from these efforts, our expenses will be greater than the expenses we would incur if we developed our business more slowly. In addition, we may find that these efforts are more expensive than we currently anticipate, which would further impact our profitability.

In addition, as a public company, we incur significant accounting, legal and other expenses that we did not incur as a private company. As a result of these increased expenditures, we will have to generate and sustain increased revenue to achieve future profitability. We may incur losses in the future for a number of reasons, including the other risks and uncertainties described in this annual report. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our financial performance may be harmed, and we may not achieve or maintain profitability in the future.

Our revenue growth rate in recent periods may not be indicative of our future performance.

We experienced revenue growth rates of 23%, 29% and 32% in fiscal 2016, 2015 and 2014, respectively. Our historical revenue growth rates are not indicative of future growth, and we may not achieve similar revenue growth rates in future periods. You should not rely on our revenue or revenue growth for any prior quarterly or annual periods as any indication of our future revenue or revenue growth. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability.

Failure to manage our growth may adversely affect our business or operations.

Since 2010, we have experienced significant growth in our business, customer base, employee headcount and operations, and we expect to continue to grow our business over the next several years. This growth places a significant strain on our management team and employees and on our operating and financial systems. To manage our future growth we must continue to scale our business functions, improve our financial and management controls and our reporting systems and procedures and expand and train our work force. In particular, we grew from 109 employees as of December 31, 2010 to more than 1,170 employees as of December 31, 2016. We anticipate that additional investments in sales personnel, infrastructure and research and development spending will be required to:

- scale our operations and increase productivity;
- address the needs of our customers;
- further develop and enhance our existing solutions and offerings;
- develop new technology; and
- expand our markets and opportunity under management, including into new solutions and geographic areas.

We cannot assure you that our controls, systems and procedures will be adequate to support our future operations or that we will be able to manage our growth effectively. We also cannot assure you that we will be able to continue to expand our market presence in the United States and other current markets or successfully establish our presence in other markets. Failure to effectively manage growth could result in difficulty or delays in deploying customers, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including the levels of our revenue, gross margin, profitability, cash flow and deferred revenue, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, and therefore, may not fully reflect the underlying performance of our business. Fluctuations in quarterly results may negatively impact the value of our Class A common stock. Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed below:

- our ability to attract new customers in multiple regions around the world;
- the addition or loss of large customers, including through acquisitions or consolidations;
- the timing of recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;

- network outages, security breaches, technical difficulties or interruptions with our services;
- general economic, industry and market conditions;
- customer renewal rates and the extent to which customers subscribe for additional seats or solutions;
- pricing changes upon any renewals of customer agreements;
- changes in our pricing policies or those of our competitors;
- the mix of solutions sold during a period;
- seasonal variations in sales of our solutions;
- seasonal variations in the delivery of our services;
- the timing and success of new product and service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
- the announcement or adoption of new regulations and policy mandates or changes to existing regulations and policy mandates;
- changes in foreign currency exchange rates;
- future accounting pronouncements or changes in our accounting policies;
- general economic conditions, both domestically and in the foreign markets in which we sell our solutions;
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and
- unforeseen litigation and intellectual property infringement.

Historically, we have derived a substantial majority of our revenue from customers using our Wdesk platform for SEC filings. Our efforts to continue to increase use of our Wdesk platform in other applications may not succeed and may reduce our revenue growth rate.

To date, we have derived a substantial majority of our cumulative revenue from customers using our Wdesk platform for SEC filings. We began our sales and marketing of Wdesk for regulatory risk, SOX, enterprise risk management and audit management relatively recently. While non-SEC use cases generated approximately half of our total booking in 2016, it is uncertain whether these non-SEC use cases will achieve the level of market acceptance we have achieved in the SEC filing market. Further, the introduction of new solutions beyond these markets may not be successful. Because it is our policy not to view actual customer data unless specifically invited by a customer to do so, we are unable to determine with any certainty how customers are using our platform and may not be able to determine with certainty the extent to which our new solutions are being utilized by customers. Any factor adversely affecting sales of our platform or solutions, including release cycles, market acceptance, competition, performance and reliability, reputation and economic and market conditions, could adversely affect our business and operating results.

Our solutions face intense competition in the marketplace. If we are unable to compete effectively, our operating results could be adversely affected.

The market for our solutions is increasingly competitive, rapidly evolving and fragmented, and is subject to changing technology and shifting customer needs. Although we believe that our Wdesk platform and the solutions that it offers are unique, many vendors develop and market products and services that compete to varying extents with our offerings, and we expect competition in our market to continue to

Table of Contents

intensify. Moreover, industry consolidation may increase competition. In addition, many companies have chosen to invest in their own internal reporting solutions and therefore may be reluctant to switch to solutions such as ours.
We compete with many types of companies, including diversified enterprise software providers; providers of professional services, such as consultants and business and financial printers; governance, risk and compliance software providers; and business intelligence/corporate performance management software providers. Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, more established customer bases and significantly greater financial, technical, marketing and other resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. We could lose customers if our competitors introduce new competitive products, add new features, acquire competitive products, reduce prices, form strategic alliances with other companies or are acquired by third parties with greater available resources. We also face competition from a variety of vendors of cloud-based and on-premise software applications that address only a portion of one of our solutions. We may also face increasing competition from open source software initiatives, in which competitors may provide software and intellectual property for free. In addition, if a prospective customer is currently using a competing solution, the customer may be unwilling to switch to our solutions without access to setup support services. If we are unable to provide those services on terms attractive to the customer, the prospective customer may be unwilling to utilize our solutions. If our competitors' products, services or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than ours, or if their products or services are more technologically capable than ours, then our revenue could be adversely affected. In addition, some of our competitors may offer their products and services at a lower price. If we are unable to achieve our target pricing levels, our operating results would be negatively affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which would adversely affect our business.

Our revenue growth will depend in part on the success of our efforts to augment our direct-sales channels by developing relationships with third parties.

We have historically relied almost exclusively on the direct-sales model to market Wdesk. In order to continue to build our business, we plan to continue to develop partnerships to support our sales efforts through referrals and co-selling arrangements. Our relationships with these partners are at an early stage of development, we have generated limited revenue through these relationships to date, and we cannot assure you that we will be able to develop and maintain successful partnerships or that these partners will be successful in marketing and selling our platform or solutions based upon our platform. Identifying partners, negotiating and supporting relationships with them and maintaining relationships requires a significant commitment of time and resources that may not yield a significant return on our investment. We expect that our partners will have only limited commitments to dedicate resources to marketing and promoting our solutions. In addition, our competitors may be more effective in providing incentives to our partners or prospective partners to favor their products or services over our solutions. If we are unsuccessful in establishing or maintaining our relationships with partners, or if these partners are unsuccessful in marketing or selling our solutions or are unable or unwilling to devote sufficient resources to these activities, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results may suffer. Further, new or emerging technologies, technological trends or changes in customer requirements may result in certain third parties de-emphasizing their dealings with us or becoming potential competitors in the future.

Table of Contents

Failure to establish and maintain relationships with partners that can provide complementary technology offerings and software integrations could limit our ability to grow our business.

Our growth strategy includes expanding the use of Wdesk through complementary technology offerings and software integrations, such as third-party application programming interfaces, or APIs. While we have begun to establish relationships with providers of complementary technology offerings and software integrations, we cannot assure you that we will be successful in establishing or maintaining partnerships with these providers. Third-party providers of complementary applications and APIs may decline to enter into partnerships with us or may later terminate their relationships with us, change the features of their applications and platforms, restrict our access to their applications and platforms or alter the terms governing use of their applications and APIs and access to those applications and platforms in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and platforms with Wdesk, which could negatively impact our offerings and harm our business. Further, if we fail to integrate Wdesk with new third-party applications and platforms that our customers use, or to adapt to the data transfer requirements of such third-party applications and platforms, we may not be able to offer the functionality that our customers need, which would negatively impact our offerings and, as a result, could negatively affect our business, results of operations and financial condition. In addition, we may benefit from these partners' brand recognition, reputations, referrals and customer bases. Any losses or shifts in the referrals from or the market positions of these partners in general, in relation to one another or to new competitors or new technologies could lead to losses in our relationships or customers or our need to identify or transition to alternative channels for marketing our solutions.

If we do not keep pace with technological changes, our solutions may become less competitive and our business may suffer.

Our market is characterized by rapid technological change, frequent product and service innovation and evolving industry standards. If we are unable to provide enhancements and new features for our existing solutions or new solutions that achieve market acceptance or that keep pace with these technological developments, our business could be adversely affected. For example, we are focused on enhancing the features of our non-SEC reporting solutions to enhance their utility to larger customers with complex, dynamic and global operations. The success of enhancements, new features and solutions depends on several factors, including the timely completion, introduction and market acceptance of the enhancements or new features or solutions. Failure in this regard may significantly impair our revenue growth. In addition, because our solutions are designed to operate on a variety of systems, we will need to continuously modify and enhance our solutions to keep pace with changes in internet-related hardware, software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our solutions to keep pace with technological changes or operate effectively with future network platforms and technologies could reduce the demand for our solutions, result in customer dissatisfaction and adversely affect our business.

If we fail to manage our technical operations infrastructure, our existing customers may experience service outages, and our new customers may experience delays in the deployment of our solutions.

We have experienced significant growth in the number of users, projects and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support changes in hardware and software parameters and the evolution of our solutions, all of which require significant lead time. Our Wdesk platform interacts with technology provided by Google, Amazon and other third-party providers, and our technological infrastructure depends on this technology. We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages that may subject us to financial penalties, financial liabilities and customer losses. If our operations infrastructure fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation and our revenue.

As a provider of cloud-based software, we rely on the services of third-party data center hosting facilities. Interruptions or delays in those services could impair the delivery of our service and harm our business.

Our Wdesk platform has been developed with, and is based on, cloud computing technology. It is hosted pursuant to service agreements on servers by third-party service providers, including those with Google and Amazon. We do not control the operation of these providers or their facilities, and the facilities are vulnerable to damage, interruption or misconduct. Unanticipated problems at these facilities could result in lengthy interruptions in our services. If the services of one or more of these providers are terminated, disrupted, interrupted or suspended for any reason, we could experience disruption in our ability to offer our solutions, or we could be required to retain the services of replacement providers, which could increase our operating costs and harm our business and reputation. In addition, as we grow, we may move or transfer our data and our customers' data to other cloud hosting providers. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, any damage to, or failure of, the cloud servers that we use could result in interruptions in our services. Interruptions in our service may damage our reputation, reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business would be harmed if our customers and potential customers believe our service is unreliable.

Any failure or interruptions in the internet infrastructure, bandwidth providers, data center providers, other third parties or our own systems for providing our solutions to customers could negatively impact our business.

Our ability to deliver our solutions is dependent on the development and maintenance of the internet and other telecommunications services by third parties. Such services include maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet access and services and reliable telecommunications systems that connect our operations. While our solutions are designed to operate without interruption, we may experience interruptions and delays in services and availability from time to time. We rely on systems as well as third-party vendors, including data center, bandwidth, and telecommunications equipment providers, to provide our solutions. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with our customers.

Any failure to offer high-quality technical support services may adversely affect our relationships with our customers and our financial results.

Once our solutions are deployed, our customers depend on our customer success organization to resolve technical issues relating to our solutions. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. We also may be unable to modify the format of our support services to compete with changes in support services provided by our competitors. Increased customer demand for these services, without corresponding revenue, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on our solutions and business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, and our business, operating results and financial position.

Because our Wdesk platform is offered on a subscription basis, we are required to recognize revenue for it over the term of the subscription. As a result, downturns or upturns in sales may not be immediately reflected in our operating results.

We generally recognize subscription and support revenue from customers ratably over the terms of their subscription agreements, which are typically on a quarterly or annual cycle and automatically renew for additional periods. As a result, a substantial portion of the revenue we report in each quarter will be derived from the recognition of deferred revenue relating to subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be immediately reflected in our revenue results for that quarter. This decline, however, will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our solutions and potential changes in our rate of renewals may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our subscription revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term. In addition, we may be unable to adjust our cost structure to reflect the changes in revenue, which could adversely affect our operating results.

We cannot accurately predict subscription renewal or upgrade rates and the impact these rates may have on our future revenue and operating results.

Our business depends substantially on customers renewing their subscriptions with us and expanding their use of our services. Our customers have no obligation to renew their subscriptions for our services after the expiration of their initial subscription period. While we have historically maintained a subscription and support revenue retention rate of greater than 95%, we may be unable to maintain this historical rate. Given our limited operating history, we may be unable to accurately predict our subscription and support revenue retention rate. In addition, our customers may renew for shorter contract lengths, lower prices or fewer users. We cannot accurately predict new subscription or expansion rates and the impact these rates may have on our future revenue and operating results. Our renewal rates may decline or fluctuate as a result of a number of factors, including customer dissatisfaction with our service, customers’ ability to continue their operations and spending levels and deteriorating general economic conditions. If our customers do not renew their subscriptions for our service, purchase fewer solutions at the time of renewal, or negotiate a lower price upon renewal, our revenue will decline and our business will suffer. Our future success also depends in part on our ability to sell additional solutions and services, more subscriptions or enhanced editions of our services to our current customers, which may also require increasingly sophisticated and costly sales efforts that are targeted at senior management. If our efforts to sell additional solutions and services to our customers are not successful, our growth and operations may be impeded. In addition, any decline in our customer renewals or failure to convince our customers to broaden their use of our services would harm our future operating results.

Adverse economic conditions or reduced technology spending may adversely impact our business.

Our business depends on the overall demand for technology and on the economic health of our current and prospective customers. In general, worldwide economic conditions remain unstable, and these conditions make it difficult for our customers, prospective customers and us to forecast and plan future

Table of Contents

business activities accurately. These conditions could cause our customers or prospective customers to reevaluate their decision to purchase our solutions. Weak global economic conditions, or a reduction in technology spending even if economic conditions improve, could adversely impact our business, financial condition and results of operations in a number of ways, including longer sales cycles, lower prices for our solutions, reduced bookings and lower or no growth.

If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success, and our business may be harmed.

We believe our corporate culture is a critical component to our success. We have invested substantial time and resources in building our team. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and effectively focus on and pursue our corporate objectives.

We depend on our senior management team and other key employees, and the loss of one or more key employees could adversely affect our business.

Our success depends largely upon the continued services of our key executive officers. We also rely on our leadership team and other mission-critical individuals in the areas of research and development, marketing, sales, services and general and administrative functions. From time to time, there may be changes in our management team resulting from the hiring or departure of executives or other key employees, which could disrupt our business. Our senior management and key employees are generally employed on an at-will basis, which means that they could terminate their employment with us at any time. The loss of one or more of our executive officers or key employees could have a material adverse effect on our business.

Our ability to attract, train and retain qualified employees is crucial to our results of operations and any future growth.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these individuals is intense, especially for engineers with high levels of experience in designing and developing software and internet-related services, senior sales executives and professional services personnel with appropriate financial reporting experience. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees have breached their legal obligations or that we have induced such breaches, resulting in a diversion of our time and resources. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects could be adversely affected.

Our workforce is our primary operating expense and subjects us to risks associated with increases in the cost of labor as a result of increased competition for employees, higher employee turnover rates and required wage increases and health benefit coverage, lawsuits or labor union activity.

Labor is our primary operating expense. As of December 31, 2016, we employed 1,172 full-time employees. For the fiscal year ended December 31, 2016, employee compensation and benefits accounted for approximately 73% of our total operating expense. We may face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates, or increases in employee benefit costs. If labor-related expenses increase, our operating expense could increase, which would adversely affect our business, financial condition and results of operations.

Table of Contents

We are subject to the Fair Labor Standards Act (FLSA) and various federal and state laws governing such matters as minimum wage requirements, overtime compensation and other working conditions, citizenship requirements, discrimination and family and medical leave. In recent years, a number of companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, overtime wage policies, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits may be threatened or instituted against us from time to time, and we may incur substantial damages and expenses resulting from lawsuits of this type, which could have a material adverse effect on our business, financial condition or results of operations.

There may be adverse tax and employment law consequences if the independent contractor status of our consultants or the exempt status of our employees is successfully challenged.

We retain consultants from time to time as independent contractors. Although we believe that we have properly classified these individuals as independent contractors, there is nevertheless a risk that the Internal Revenue Service (IRS) or another federal, state, provincial or foreign authority will take a different view. Furthermore, the tests governing the determination of whether an individual is considered to be an independent contractor or an employee are typically fact sensitive and vary from jurisdiction to jurisdiction. Laws and regulations that govern the status and misclassification of independent contractors are subject to change or interpretation by various authorities. If a federal, state or foreign authority or court enacts legislation or adopts regulations that change the manner in which employees and independent contractors are classified or makes any adverse determination with respect to some or all of our independent contractors, we could incur significant costs under such laws and regulations, including for prior periods, in respect of tax withholding, social security taxes or payments, workers' compensation and unemployment contributions, and recordkeeping, or we may be required to modify our business model, any of which could materially adversely affect our business, financial condition and results of operations. There is also a risk that we may be subject to significant monetary liabilities arising from fines or judgments as a result of any such actual or alleged non-compliance with federal, state or foreign tax laws. Further, if it were determined that any of our independent contractors should be treated as employees, we could incur additional liabilities under our applicable employee benefit plans.

In addition, we have classified many of our U.S. employees as "exempt" under the FLSA. If it were determined that any of our U.S. employees who we have classified as "exempt" should be classified as "non-exempt" under the FLSA, we may incur costs and liabilities for back wages, unpaid overtime, fines or penalties and be subject to employee litigation.

Fixed-fee engagements with customers may not meet our expectations if we underestimate the cost of these engagements.

We provide certain professional services on a fixed-fee basis. When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. We provide professional services on both SEC and non-SEC solutions, including our regulated risk and Sarbanes-Oxley compliance solutions. Professional services on non-SEC solutions usually involve a different mix of subscription, support and services than professional services on our SEC solution. The growth in professional services on non-SEC solutions may impact our gross margins in ways that we cannot predict. If we are required to spend more hours than planned to perform these services, our cost of services revenue could exceed the fees charged to our customers on certain engagements and could cause us to recognize a loss on a contract, which would adversely affect our operating results. In addition, if we are unable to provide these professional services, we may lose sales or incur customer dissatisfaction, and our business and operating results could be significantly harmed.

Table of Contents

Our sales cycle is unpredictable. As more of our sales efforts are targeted at larger enterprise customers, our sales cycle may become more time-consuming and expensive, and we may encounter pricing pressure, which could harm our business and operating results.

The cost and length of our sales cycle varies by customer and is unpredictable. As we target more of our sales efforts at selling additional solutions to larger enterprise customers, we may face greater costs, longer sales cycles and less predictability in completing some of our sales. These types of sales often require us to provide greater levels of education regarding the use and benefits of our service. In addition, larger customers may demand more document setup services, training and other professional services. As a result of these factors, these sales opportunities may require us to devote greater sales support and professional services resources to individual customers, driving up costs and time required to complete sales and diverting sales and professional services resources to a smaller number of larger transactions.

Our quarterly results reflect seasonality in revenue from professional services, which makes it difficult to predict our future operating results.

We have historically experienced seasonal variations in our revenue from professional services as many of our customers employ our professional services just before they file their Form 10-K in the first calendar quarter. As of December 31, 2016, approximately 78% of our SEC customers report their financials on a calendar year basis. While we expect our professional services revenue to become less seasonal as our non-SEC offerings grow, a significant portion of our revenue may continue to reflect seasonality, which makes it difficult to predict our future operating results. As a result, our operating and financial results could differ materially from our expectations and our business could suffer.

If the market for our technology delivery model and cloud-based software develops more slowly than we expect, our business could be harmed.

The market for cloud-based software is not as mature as the market for packaged software, and it is uncertain whether these services will sustain high levels of demand and market acceptance. Our success will depend to a substantial extent on the willingness of companies to increase their use of cloud-based services in general, and of our solutions in particular. Many companies have invested substantial personnel and financial resources to integrate traditional software into their businesses, and therefore may be reluctant or unwilling to migrate to a cloud-based service. Furthermore, some companies may be reluctant or unwilling to use cloud-based services because they have concerns regarding the risks associated with security capabilities, among other things, of the technology delivery model associated with these services. If companies do not perceive the benefits of cloud-based software, then the market for our solutions may develop more slowly than we expect, or the market for our new solutions may not develop at all, either of which would significantly adversely affect our operating results. We may not be able to adjust our spending quickly enough if market growth falls short of our expectations or we may make errors in predicting and reacting to relevant business trends, either of which could harm our business. If the market for our cloud solutions does not evolve in the way we anticipate, or if customers do not recognize the benefits of our cloud solutions over traditional on-premise enterprise software products, and as a result we are unable to increase sales of subscriptions to our solutions, then our revenue may not grow or may decline, and our operating results would be harmed.

The success of our cloud-based software largely depends on our ability to provide reliable solutions to our customers. If a customer were to experience a product defect, a disruption in its ability to use our solutions or a security flaw, demand for our solutions could be diminished, we could be subject to substantial liability and our business could suffer.

Because our solutions are complex and we continually release new features, our solutions could have errors, defects, viruses or security flaws that could result in unanticipated downtime for our subscribers and harm our reputation and our business. Internet-based software frequently contains undetected errors or security flaws when first introduced or when new versions or enhancements are released. We might from time to time find such defects in our solutions, the detection and correction of which could be time consuming and costly. Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions in access, security flaws, viruses, data corruption or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, customers could elect not to renew, could delay or withhold payment to us or may make warranty or other 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. We could also lose future sales. In addition, if the public becomes aware of security breaches of our solutions, our future business prospects could be adversely impacted.

We employ third-party licensed software for use in or with our solutions, and the inability to maintain these licenses or the existence of errors in the software we license could result in increased costs or reduced service levels, which would adversely affect our business.

Our solutions incorporate certain third-party software, including the Google Cloud Platform, that may be licensed to or hosted by or on behalf of Workiva, or may be hosted by a licensor and accessed by Workiva on a software-as-a-service basis. We anticipate that we will continue to rely on third-party software and development tools from third parties in the future. There may not be commercially reasonable alternatives to the third-party software we currently use, or it may be difficult or costly to replace. In addition, integration of the software used in our solutions with new third-party software may require significant work and require substantial investment of our time and resources. Also, to the extent that our solutions depend upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our solutions, delay new solution introductions, result in a failure of our solutions and injure our reputation. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties. Any inability to maintain or acquire third-party licensed software for use in our solutions could result in increased costs or reduced service levels, which would adversely affect our business.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our solutions and could have a negative impact on our business.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communication and business solutions. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our solutions in order to comply with these changes. In addition, government agencies or private organizations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally or result in reductions in the demand for internet-based solutions such as ours.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity,

Table of Contents

security, reliability, cost, ease of use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by "viruses," "worms" and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our solutions could suffer.

We are subject to U.S. and foreign data privacy and protection laws and regulations as well as contractual privacy obligations, and our failure to comply could subject us to fines and damages and would harm our reputation and business.

We manage private and confidential information and documentation related to our customers' finances and transactions, often prior to public dissemination. The use of insider information is highly regulated in the United States and abroad, and violations of securities laws and regulations may result in civil and criminal penalties. In addition, we are subject to the data privacy and protection laws and regulations adopted by federal, state and foreign legislatures and governmental agencies. Data privacy and protection is highly regulated and may become the subject of additional regulation in the future. Privacy laws restrict our storage, use, processing, disclosure, transfer and protection of non-public personal information that may be placed in Wdesk by our customers or collected from visitors of our website. We strive to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection. However, it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure, or perceived failure, by us to comply with federal, state or international laws, including laws and regulations regulating privacy, payment card information, personal health information, data or consumer protection, could result in proceedings or actions against us by governmental entities or others.

The regulatory framework for privacy and data protection issues worldwide is evolving, and various government and consumer agencies and public advocacy groups have called for new regulation and changes in industry practices, including some directed at providers of mobile and online resources in particular. Our obligations with respect to privacy and data protection may become broader or more stringent. If we are required to change our business activities or revise or eliminate services, or to implement costly compliance measures, our business and results of operations could be harmed.

In addition, as we expand our operations internationally, compliance with regulations that differ from country to country may also impose substantial burdens on our business. In particular, the European Union, or E.U., has traditionally taken a broader view as to what is considered personal information and has imposed greater obligations under data privacy regulations. In addition, individual E.U. member countries have had discretion with respect to their interpretation and implementation of the regulations, which has resulted in variation of privacy standards from country to country. Complying with any additional or new regulatory requirements could force us to incur substantial costs or require us to change our business practices in a manner that could compromise our ability to effectively pursue our growth strategy. Further, because our customers often use a Wdesk account across multiple jurisdictions, E.U. regulators could determine that we transfer data from the E.U. to the U.S., which could subject us to E.U. laws with respect to data privacy. Those laws and regulations are uncertain and subject to change. For example, in October 2015, the European Court of Justice invalidated the European Commission's 2000 Safe Harbor Decision as a legitimate basis on which we could rely for the transfer of data from the European Union to the United States. The E.U and U.S. recently agreed to an alternative transfer framework for data transferred from the E.U. to the U.S., called the Privacy Shield, but this new framework is subject to an annual review that could result in changes to our obligations and also may be challenged by national regulators or private parties. In addition, the other bases on which we rely to legitimize the transfer of data, such as standard Model Contractual Clauses (MCCs), have been subjected to regulatory or judicial scrutiny. If one or more of the legal bases for transferring data from Europe to the United States is invalidated, or if we are unable to transfer personal data between and among countries and regions in which we operates, it could affect the manner in which we provide our services or adversely affect our financial results.

Proposed or new legislation and regulations could also significantly affect our business. There currently are a number of proposals pending before federal, state, and foreign legislative and regulatory bodies. In addition, the European Commission has approved a data protection regulation, known as the General Data Protection Regulation (GDPR), which has been finalized and is due to come into force in or around May 2018. The GDPR will include operational requirements for companies that receive or process personal data of residents of the European Union that are different than those currently in place in the European Union, and that will include significant penalties for non-compliance. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services.

These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

In addition to government activity, the technology industry and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. If the processing of private and confidential information were to be curtailed in this manner, our software solutions may be less effective, which may reduce demand for our solutions and adversely affect our business. Furthermore, government agencies may seek to access sensitive information that our customers upload to our service providers or restrict customers' access to our service providers. Laws and regulations relating to government access and restrictions are evolving, and compliance with such laws and regulations could limit adoption of our services by customers and create burdens on our business. Moreover, investigations into our compliance with privacy-related obligations could increase our costs and divert management attention.

We are also subject to the privacy and data protection-related obligations in our contracts with our customers and other third parties. We could be adversely affected by changes to these contracts in ways that are inconsistent with our practices or in conflict with the laws and regulations of the United States, foreign or international regulatory authorities. We may also be contractually liable to indemnify and hold harmless our clients from the costs or consequences of inadvertent or unauthorized disclosure of data that we store or handle as part of providing our services. Finally, we are also subject to contractual obligations and other legal restrictions with respect to our collection and use of data, and we may be liable to third parties in the event we are deemed to have wrongfully used or gathered data.

Any failure by us or a third-party contractor providing services to us to comply with applicable privacy and data protection laws, regulations, self-regulatory requirements or industry guidelines, our contractual privacy obligations or our own privacy policies, may result in fines, statutory or contractual damages, litigation or governmental enforcement actions. These proceedings or violations could force us to spend significant amounts in defense or settlement of these proceedings, result in the imposition of monetary liability, distract our management, increase our costs of doing business, and adversely affect our reputation and the demand for our solutions.

We post on our websites our privacy policies and practices concerning the collection, use and disclosure of user data. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or orders or other federal, state or international privacy or consumer protection-related laws and regulations could result in proceedings or actions against us by governmental entities or others (e.g., class action privacy litigation), subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and adversely affect our business. Data collection, privacy and security have become the subject of increasing public concern. If users were to reduce their use of our websites, products, and services as a result of these concerns, our business could be harmed.

If we or our service providers fail to keep our customers' information confidential or otherwise handle their information improperly, our business and reputation could be significantly and adversely affected.

If we fail to keep customers' proprietary information and documentation confidential, we may lose existing customers and potential new customers and may expose them to significant loss of revenue based on the premature release of confidential information. While we have security measures in place to protect customer information and prevent data loss and other security breaches, these measures may be breached as a result of third-party action, employee error, malfeasance or otherwise. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

In addition, our service providers (including, without limitation, hosting facilities, disaster recovery providers and software providers) may have access to our customers' data and could suffer security breaches or data losses that affect our customers' information.

If an actual or perceived security breach or premature release occurs, our reputation could be damaged and we may lose future sales and customers. We may also become subject to civil claims, including indemnity or damage claims in certain customer contracts, or criminal investigations by appropriate authorities, any of which could harm our business and operating results. Furthermore, while our errors and omissions insurance policies include liability coverage for these matters, if we experienced a widespread security breach that impacted a significant number of our customers for whom we have these indemnity obligations, we could be subject to indemnity claims that exceed such coverage.

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

Our success substantially depends upon our proprietary methodologies and other intellectual property rights. Unauthorized use of our intellectual property by third parties may damage our brand and our reputation. As of December 31, 2016, we had 24 issued patents and 19 patent applications pending in the United States, and we expect to seek additional patents in the future. In addition, we rely on a combination of copyright, trademark and trade secret laws, employee and third-party non-disclosure and non-competition agreements and other methods to protect our intellectual property. However, unauthorized parties may attempt to copy or obtain and use our technology to develop products with the same functionality as our solutions. We cannot assure you that the steps we take to protect our intellectual property will be adequate to deter misappropriation of our proprietary information or that we will be able to detect unauthorized use and take appropriate steps to protect our intellectual property. United States federal and state intellectual property laws offer limited protection, and the laws of some countries provide even less protection. Moreover, changes in intellectual property laws, such as changes in the law regarding the patentability of software, could also impact our ability to obtain protection for our solutions. In addition, patents may not be issued with respect to our pending or future patent applications. Those patents that are issued may not be upheld as valid, may be contested or circumvented, or may not prevent the development of competitive solutions.

We might be required to spend significant resources and divert the efforts of our technical and management personnel to monitor and protect our intellectual property. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Any failure to secure, protect and enforce our intellectual property rights could seriously adversely affect our brand and adversely impact our business.

Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and operating results.

Patent and other intellectual property disputes are common in our industry. Our success depends upon our ability to refrain from infringing upon the intellectual property rights of others. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. As we grow and enter new markets, we will face a growing number of competitors. As the number of competitors in our industry grows and the functionality of products in different industry segments overlaps, we expect that software and other solutions in our industry may be subject to such claims by third parties. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. We cannot assure you that infringement claims will not be asserted against us in the future, or that, if asserted, any infringement claim will be successfully defended. A successful claim against us could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

Some of our solutions utilize open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Some of our solutions include software covered by open source licenses, which may include, by way of example, GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our solutions. 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 subject to an open source license, we could be required to publicly release the affected portions of our source code, reengineer all or a portion of our technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and services. 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 or controls on the origin of the software. Many of the risks associated with usage of open source software cannot be eliminated and could negatively affect our business.

If we fail to continue to develop our brand, our business may suffer.

We believe that continuing to develop and maintain awareness of our brand is critical to achieving widespread acceptance of our solution and is an important element in attracting and retaining customers. Efforts to build our brand may involve significant expense and may not generate customer awareness or increase revenue at all, or in an amount sufficient to offset expenses we incur in building our brand.

Promotion and enhancement of our name and the brand names of our solutions depends largely on our success in being able to provide high quality, reliable and cost-effective solutions. If customers do not perceive our solutions as meeting their needs, or if we fail to market our solutions effectively, we will likely be unsuccessful in creating the brand awareness that is critical for broad customer adoption of our solutions. That failure could result in a material adverse effect on our business, financial condition and operating results.

Legislative and regulatory changes can influence demand for our solutions and could adversely affect our business.

The market for our solutions depends in part on the requirements of the SEC, the Federal Reserve System, the Federal Deposit Insurance Corporation and other regulatory bodies. Any legislation or rulemaking substantially affecting the content or method of delivery of documents to be filed with these regulatory bodies could have an adverse effect on our business. In addition, evolving market practices in light of regulatory developments could adversely affect the demand for our solutions. Uncertainty caused by political change in the United States and European Union (particularly Brexit) heightens regulatory uncertainty in these areas. For example, the White House and Congressional leadership have publicly announced a goal of repealing or amending parts of the Dodd Frank Act, as well as certain regulations affecting the financial services industry. New legislation, or a significant change in rules, regulations, directives or standards could reduce demand for our products and services, increase expenses as we modify our products and services to comply with new requirements and retain relevancy, impose limitations on our operations, and increase compliance or litigation expense, each of which could have a material adverse effect on our business, financial condition and results of operations.

We may need to raise additional capital, which may not be available to us.

We will require substantial funds to support the implementation of our business plan. Our future liquidity and capital requirements are difficult to predict as they depend upon many factors, including the success of our solutions and competing technological and market developments. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of customer prepayments or unforeseen circumstances and may determine to engage in equity or debt financings or enter into credit facilities for other reasons, and we may not be able to timely secure additional debt or equity financing on favorable terms, or at all. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our Class A common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited.

Our credit facility contains restrictive covenants that may limit our operating flexibility.

Our credit facility contains certain restrictive covenants that limit our ability to transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, pay dividends, incur additional indebtedness and liens, experience changes in management and enter into new businesses. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the lender or terminate the credit facility, which may limit our operating flexibility. In addition, our credit facility is secured by all of our assets, has first priority over our other debt obligations and requires us to satisfy certain financial covenants, including the maintenance of at least $5.0 million of cash on hand or unused borrowing capacity. There is no guarantee that we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any such debt. Furthermore, there is no guarantee that future working capital, borrowings or equity financing will be available to repay or

Table of Contents

refinance any such debt. Any inability to make scheduled payments or meet the financial covenants on our credit facility would adversely affect our business.

Determining our income tax rate is complex and subject to uncertainty.

The computation of provision for income tax is complex, as it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under U.S. generally accepted accounting principles. Provision for income tax for interim quarters is based on a forecast of our U.S. and non-U.S. effective tax rates for the year, which includes forward-looking financial projections, including the expectations of profit and loss by jurisdiction, and contains numerous assumptions. Various items cannot be accurately forecasted and future events may be treated as discrete to the period in which they occur. Our provision for income tax can be materially impacted, for example, by the geographical mix of our profits and losses, changes in our business, such as internal restructuring and acquisitions, changes in tax laws and accounting guidance and other regulatory, legislative or judicial developments, tax audit determinations, changes in our uncertain tax positions, changes in our intent and capacity to permanently reinvest foreign earnings, changes to our transfer pricing practices, tax deductions attributed to equity compensation and changes in our need for a valuation allowance for deferred tax assets. For these reasons, our actual income taxes may be materially different than our provision for income tax.

Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our services and adversely impact our business.

The application of federal, state, local and international tax laws to services provided electronically is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operating results.

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us (possibly with retroactive effect), which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties and interest for past amounts. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs, thereby adversely impacting our operating results.

We operate and offer our services in many jurisdictions and, therefore, may be subject to federal, state, local and foreign taxes that could harm our business.

As an organization that operates in many jurisdictions in the United States and around the world, we may be subject to taxation in several jurisdictions with increasingly complex tax laws, the application of which can be uncertain. The authorities in these jurisdictions, including state and local taxing authorities in the United States, could successfully assert that we are obligated to pay additional taxes, interest and penalties. In addition, the amount of taxes we pay could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have a material adverse effect on our liquidity and operating results. The authorities could also claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries, any of which could have a material impact on us and the results of our operations. In addition, we may lose sales or incur significant costs should various tax jurisdictions impose taxes on either a broader range of services or services that we have performed in the past. We may be subject to audits of the taxing authorities in any such jurisdictions that would require

Table of Contents

us to incur costs in responding to such audits. Imposition of such taxes on our services could result in substantially unplanned costs, would effectively increase the cost of such services to our customers and could adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.
We operate service sales centers in multiple locations. Some of the jurisdictions in which we operate may give us the benefit of either relatively low tax rates, tax holidays or government grants, in each case that are dependent on how we operate or how many jobs we create and employees we retain. We plan on utilizing such tax incentives in the future as opportunities are made available to us. Any failure on our part to operate in conformity with applicable requirements to remain qualified for any such tax incentives or grants may result in an increase in our taxes. In addition, jurisdictions may choose to increase rates at any time due to economic or other factors. Any such rate increase could harm our results of operations.
In addition, changes to U.S. 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 U.S. taxation of such activities could increase our worldwide effective tax rate and adversely affect our financial position and results of operations.
We may have additional tax liabilities, which could harm our business, results of operations or financial position.
Significant judgments and estimates are required in determining the provision for income taxes and other tax liabilities. Our tax expense may be impacted if our intercompany transactions, which are required to be computed on an arm’s-length basis, are challenged and successfully disputed by the tax authorities. Also, our tax expense could be impacted depending on the applicability of withholding taxes and indirect tax on software licenses and related intercompany transactions in certain jurisdictions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the IRS and other tax authorities. The tax authorities in the United States and other countries where we do business regularly examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could have a material impact on our results of operations, or financial position.
Sales to customers outside the United States expose us to risks inherent in international sales.
A key element of our growth strategy is to expand our international operations and develop a worldwide customer base. To date, we have not realized a significant portion of our revenue from customers headquartered outside the United States. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks that are different from those in the United States. Because of our limited experience with international operations, our international expansion efforts may not be successful in creating demand for our solutions outside of the United States or in effectively selling subscriptions to our solutions in all of the international markets we enter. In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- the need to localize and adapt our solutions for specific countries, including translation into foreign languages and associated expenses;
- increased management, travel, infrastructure, legal compliance and regulation costs associated with having multiple international operations;
- sales and customer service challenges associated with operating in different countries;

Table of Contents

- data privacy laws that require customer data to be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- adverse tax consequences; and
- unstable regional and economic political conditions.

Currently, our international contracts are only occasionally denominated in local currencies; however, the majority of our local costs are denominated in local currencies. We anticipate that over time, an increasing portion of our international contracts may be denominated in local currencies. Therefore, fluctuations in the value of the United States dollar and foreign currencies may impact our operating results when translated into United States dollars. We do not currently engage in currency hedging activities to limit the risk of exchange rate fluctuations.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We may in the future seek to acquire or invest in businesses, applications or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

In addition, we have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;

- difficulty converting the customers of the acquired business onto our solutions and contract terms, including disparities in the revenue, licensing, support or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- adverse effects to our existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial position could suffer.

We are subject to general litigation that may materially adversely affect us.

From time to time, we may be involved in disputes or regulatory inquiries that arise in the ordinary course of business. We expect that the number and significance of these potential disputes may increase as our business expands and our company grows larger. While our agreements with customers limit our liability for damages arising from our solutions, we cannot assure you that these contractual provisions will protect us from liability for damages in the event we are sued. Although we carry general liability insurance coverage, our insurance may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time, and result in the diversion of significant operational resources. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board (FASB), the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

We have broad discretion in the use of the net proceeds from our initial public offering and may not use them effectively.

We cannot specify with any certainty the particular uses of the net proceeds that we have received from our initial public offering. We have broad discretion in the application of the net proceeds, including working capital, possible acquisitions, and other general corporate purposes, and we may spend or invest these proceeds in a way with which our stockholders disagree. A failure by our management to apply these

Table of Contents

funds effectively could adversely affect our business and financial condition. The net proceeds may be invested with a view towards long-term benefits for our stockholders, and this may not increase our operating results or market value. Pending their use, we may invest the net proceeds from our initial public offering in a manner that does not produce income or that loses value. These investments may not yield a favorable return to our investors.

Risks Related to Ownership of Our Class A Common Stock

Our stock price has been and will likely continue to be volatile or may decline regardless of our operating performance, resulting in substantial losses for our investors.

The trading price for shares of our Class A common stock has been, and is likely to continue to be, volatile for the foreseeable future. The market price of our Class A common stock may fluctuate in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in projected operational and financial results;
- addition or loss of significant customers;
- changes in laws or regulations applicable to our solutions;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations or new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- changes in our financial guidance or securities analysts' estimates of our financial performance;
- discussion of us or our stock price by the financial press and in online investor communities;
- changes in accounting principles;
- announcements related to litigation;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our Class A or Class B common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares; and
- general economic and market conditions.

Furthermore, the stock markets recently have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could harm our business.

If there are substantial sales of shares of our Class A common stock, the price of our Class A common stock could decline.

The price of our Class A common stock could decline if there are substantial sales of our Class A common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our Class A common stock available for sale. All of the shares of Class A common stock sold in our initial public offering are freely tradeable without restrictions or further registration under the Securities Act of 1933, as amended (Securities Act), except for any shares held by our affiliates as defined in Rule 144 under the Securities Act. Shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act. In addition, the shares of Class A common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans are eligible for sale to the public, subject to certain legal and contractual limitations. The market price of the shares of our Class A common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

The dual class structure of our common stock has the effect of concentrating voting control with our executives and their affiliates.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of December 31, 2016, the holders of shares of our Class B common stock collectively beneficially owned shares representing approximately 78% of the voting power of our outstanding capital stock. Our executive officers collectively beneficially owned shares representing a substantial majority of the voting power of our outstanding capital stock as of that date. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future and may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders. The holders of Class B common stock 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.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers to family members and transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, certain holders of Class B common stock retain a significant portion of their holdings of Class B common stock for an extended period of time, and a significant portion of the Class B common stock initially held by other executives is converted to Class A common stock, the remaining holders of Class B common stock could, as a result, acquire control of a majority of the combined voting power. As directors and executive officers, the initial beneficial owners of Class B common stock owe a fiduciary duty to our stockholders and must act in good faith in a manner they reasonably believe to be in the best interests of our stockholders. As stockholders, even if one of them becomes a controlling stockholder, each beneficial owner of Class B common stock is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

Table of Contents

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and may negatively affect the market price of our Class A common stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the chairman of our board of directors or our chief executive officer or president (in the absence of a chief executive officer);
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- authorize our board of directors to issue, without further action by the stockholders, up to 100,000,000 shares of undesignated preferred stock;
- require the approval of our board of directors or the holders of a supermajority of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation; and
- reflect two classes of common stock, as discussed above.

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. In addition, we are a Delaware corporation and governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder, in particular those owning 15% or more of our outstanding voting stock, for a period of three years following the date on which the stockholder became an “interested” stockholder.

Future sales and issuances of our capital stock or rights to purchase capital stock could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

Our certificate of incorporation authorizes us to issue up to 1,000,000,000 shares of Class A common stock. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

We will continue to incur significantly increased costs and devote substantial management time as a result of operating as a public company.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC and the New York Stock Exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Compliance with these requirements has increased our legal and financial compliance costs and made some activities more time consuming and costly. Many of these costs recur annually. We expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an "emerging growth company," as defined by the JOBS Act. We may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results.

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 regulatory and governing bodies provide new guidance. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We will continue 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 could be adversely affected.

As a result of disclosure of information as a public company, our business and financial condition have become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If the claims are successful, our business operations and financial 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 operations and financial results. These factors could also make it more difficult for us to attract and retain qualified employees, executive officers and members of our board of directors.

Operating as a public company makes it more difficult and more expensive for us to obtain director and officer liability insurance on the terms that we would like. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

A failure to maintain adequate internal controls over our financial and management systems could cause errors in our financial reporting, which could cause a loss of investor confidence and result in a decline in the price of our Class A common stock.

Our public company reporting obligations and our anticipated growth will likely strain our financial and management systems, internal controls and employees. In addition, we will be required to comply with

Table of Contents

the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act when we cease to be an emerging growth company.

We are currently taking the necessary steps to comply with Section 404. If, during this process, we identify one or more material weaknesses in our internal controls, it is possible that our management may be unable to certify that our internal controls are effective by the certification deadline. We cannot be certain we will be able to successfully complete the implementation and certification requirements of Section 404 within the time period allowed.

Moreover, 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. If we have a material weaknesses or deficiency in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. Effective internal controls are necessary for us to produce reliable financial reports and are important to prevent fraud. As a result, our failure to satisfy the requirements of Section 404 on a timely basis could result in us being subject to regulatory action and a loss of investor confidence in the reliability of our financial statements, both of which in turn could cause the market value of our Class A common stock to decline and affect our ability to raise capital.

Because we are an emerging growth company, our independent registered public accounting firm did not perform an audit of our internal control over financial reporting for the fiscal year ended December 31, 2016. If a material weakness or significant deficiency arises and our qualification as an emerging growth company expires before we have remediated the weakness or deficiency, our independent registered public accounting firm may not be able to attest to the effectiveness of our internal controls over financial reporting.

We are an "emerging growth company," and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies make our Class A common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we are taking advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will cease to be an "emerging growth company" upon the earliest of (i) December 31, 2019, (ii) the last day of the first fiscal year in which our annual gross revenue is $1 billion or more, (iii) the date on which we have, during the previous rolling three-year period, issued more than $1 billion in nonconvertible debt securities or (iv) the date on which we qualify as a "large accelerated filer" with at least $700 million of equity securities held by non-affiliates. We cannot determine whether investors find our Class A common stock less attractive or our company less comparable to certain other public companies because we rely on these exemptions.

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

We may not declare or pay cash dividends on our capital stock in the near future. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment.

Table of Contents

If securities or industry analysts do not regularly publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, or if our actual results differ significantly from our guidance, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts maintain coverage of us, or if industry analysts cease coverage of us, the trading price for our Class A common stock would be negatively affected. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our Class A common stock would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

In addition, from time to time, we may release earnings guidance or other forward-looking statements in our earnings releases, earnings conference calls or otherwise regarding our future performance that represent our management’s estimates as of the date of release. Some or all of the assumptions of any future guidance that we furnish may not materialize or may vary significantly from actual future results. Any failure to meet guidance or analysts’ expectations could have a material adverse effect on the trading price or trading volume of our Class A common stock and may result in shareholder litigation.

Table of Contents

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our corporate headquarters is located in Ames, Iowa, where we lease approximately 120,000 square feet of office space. We also lease office facilities in eleven U.S. cities located in Arizona, Colorado, Florida, Georgia, Illinois, Montana, New York, Texas and Washington. Internationally, we lease offices in Ontario and Saskatchewan, Canada, the Netherlands, and the United Kingdom. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

Item 3. Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that in the opinion of our management, if determined adversely to us, would have a material adverse effect on our business, financial condition, operating results or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosure

Not applicable.

Part II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Class A common stock is listed on the NYSE under the symbol "WK". The following table sets forth the range of high and low per share sales prices for our common stock as reported on the NYSE for the periods indicated.

	Prices	
	High	Low
Year ended December 31, 2016		
Fourth quarter	$18.11	$12.65
Third quarter	$19.04	$13.19
Second quarter	$14.05	$11.14
First quarter	$17.48	$10.92
Year ended December 31, 2015		
Fourth quarter	$18.80	$14.94
Third quarter	$16.34	$12.83
Second quarter	$15.00	$12.69
First quarter	$16.53	$12.25

Our Class B common stock is not listed or traded on any stock exchange.

Stockholders

As of December 31, 2016, there were approximately 230 stockholders of record of our Class A common stock as well as 14 stockholders of record of our Class B common stock.

Dividends

We have never declared or paid cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends on our capital stock. Any future determination to pay dividends on our capital stock will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors considers relevant. In addition, our credit facility with Silicon Valley Bank restricts our ability to pay dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for a summary of the material terms of our credit facility.

Stock Performance Graph

The following shall not be deemed incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return on the Standard & Poor's 500 Index and the Nasdaq Computer Index. The chart assumes $100 was invested at the close of market on December 12, 2014, in the Class A common stock of Workiva Inc., the S&P 500 Index and the Nasdaq Computer Index, and assumes the reinvestment of any dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our Class A common stock.

Table of Contents

Use of Proceeds from Public Offerings of Common Stock

On December 17, 2014, we closed our initial public offering of 7,200,000 shares of Class A common stock at a price to the public of $14.00 per share. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-199459), which was declared effective by the SEC on December 11, 2014.

There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act on December 12, 2014. Pending the uses described in our prospectus, we have invested the net proceeds in money market funds and marketable securities. We have also repaid a $2.0 million forgivable loan with proceeds from our initial public offering, allowing us to cancel letters of credit in the amount that served as security for the forgivable loan.

Issuer Purchases of Equity Securities

Not applicable.

Table of Contents

Item 6. Selected Consolidated Financial Data

The following selected consolidated financial data for the years ended December 31, 2016, 2015 and 2014 and the selected consolidated balance sheet data as of December 31, 2016 and 2015 are derived from our audited consolidated financial statements included elsewhere in this Form 10-K. The following selected consolidated financial data for the years ended December 31, 2013 and 2012, and the selected consolidated balance sheet data as of December 31, 2014, 2013 and 2012 are derived from our audited consolidated financial statements not included in this Form 10-K. Our historical results are not necessarily indicative of the results to be expected in the future.

Consolidated Statement of Operations Data

	Year ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands, except share and per share information)				
Revenue					
Subscription and support	$143,120	$116,288	$91,317	$65,164	$34,702
Professional services	35,526	28,984	21,377	19,987	18,236
Total revenue	178,646	145,272	112,694	85,151	52,938
Cost of revenue					
Subscription and support[1]	27,895	22,559	21,182	15,129	9,262
Professional services[1]	23,730	17,645	12,696	9,520	9,780
Total cost of revenue	51,625	40,204	33,878	24,649	19,042
Gross profit	127,021	105,068	78,816	60,502	33,896
Operating expenses					
Research and development[1]	57,438	50,466	44,145	34,116	18,385
Sales and marketing[1]	80,466	69,569	53,498	41,067	27,537
General and administrative[1][2]	32,695	28,716	19,783	14,601	16,177
Total operating expenses	170,599	148,751	117,426	89,784	62,099
Loss from operations	(43,578)	(43,683)	(38,610)	(29,282)	(28,203)
Interest expense	(1,875)	(2,025)	(2,044)	(366)	(1,521)
Other income and (expense), net[3]	1,500	2,302	(468)	104	(861)
Loss before provision for income taxes	(43,953)	(43,406)	(41,122)	(29,544)	(30,585)
Provision (benefit) for income taxes	24	(7)	32	—	—
Net loss	$(43,977)	$(43,399)	$(41,154)	$(29,544)	$(30,585)
Net loss per common share:					
Basic and diluted	$(1.08)	$(1.09)	$(1.28)	$(0.94)	$(1.16)
Weighted-average common shares outstanding - basic and diluted	40,671,133	39,852,624	32,156,060	31,376,603	26,390,099

Table of Contents

(1) Stock-based compensation expense included in these line items is as follows:

	Year ended December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Cost of revenue					
Subscription and support	$493	$363	$502	$200	$80
Professional services	411	349	337	171	144
Operating expenses					
Research and development	2,365	1,924	1,757	762	194
Sales and marketing	2,075	1,727	1,241	799	293
General and administrative(2)	8,903	6,637	3,548	1,438	7,418
Total stock-based compensation expense	$14,247	$11,000	$7,385	$3,370	$8,129

(2) One-time grants of immediately vested appreciation units to two managing directors significantly increased general and administrative cost in the year ended December 31, 2012.

(3) During December 2015, we resolved all contingencies associated with a government grant agreement resulting in higher government grant income recorded to "Other income and (expense), net" for the year ended December 31, 2015. See Note 5, *Commitments and Contingencies*, to the Consolidated Financial Statements.

Consolidated Balance Sheet Data

	December 31,				
	2016	2015	2014	2013	2012
	(in thousands)				
Cash and cash equivalents	$51,281	$58,750	$101,131	$15,515	$24,979
Working capital, excluding deferred revenue and deferred government grant obligation	75,193	70,520	94,740	19,926	28,063
Total assets	143,143	143,895	164,551	73,944	53,522
Deferred revenue, current and long term	97,501	63,338	56,276	36,385	18,165
Total current liabilities	99,887	84,084	66,730	43,425	26,404
Total non-current liabilities	46,381	34,092	42,002	37,306	14,971
Total stockholders' (deficit) equity	(3,125)	25,719	55,819	—	—
Total members' equity (deficit)	—	—	—	(6,787)	12,147

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Annual Report. In addition to historical consolidated financial information, this discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to these differences include, but are not limited to, those identified below, and those discussed in "Section 1A. Risk Factors" included elsewhere in this Annual Report.

Overview

Workiva provides enterprises with cloud solutions for improving productivity, accountability and insight into business data. Workiva created Wdesk, a collaborative work management platform for organizations to collect, link, report and analyze their business data. Wdesk's proprietary word processing, spreadsheet and presentation applications are integrated and built upon a data management engine, offering synchronized data, controlled collaboration, granular permissions and a full audit trail. Wdesk helps mitigate risk, improves productivity and gives users confidence to make decisions with real-time data. As of December 31, 2016, we provided our solutions to more than 2,700 enterprise customers, including more than 70% of Fortune 500 companies[(1)].

Our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk. We offer Wdesk solutions for a wide range of use cases in the following markets: finance and accounting, audit and internal controls, risk and compliance and operations. Underlying these solutions is our scalable, enterprise-grade data engine enables users to collect, aggregate and manage their unstructured and structured data in Wdesk.

We operate our business on a software-as-a-service (SaaS) model. Customers enter into quarterly, annual and multi-year subscription contracts to utilize Wdesk. Our subscription fee includes the use of our service and technical support. Our pricing is based primarily on the number of corporate entities, number of users, level of customer support, and length of contract. Our pricing model is scaled to the number of users, so the subscription price per user typically decreases as the number of users increases. We charge customers additional fees primarily for document setup and XBRL tagging services. We generate sales primarily through our direct sales force and, to a lesser extent, customer success and professional services teams. In addition, in the fourth quarter of 2016, we began to augment our direct-sales channel with partnerships. Over time, we expect our partners to include technology companies, consultants, service providers and accounting firms. We expect our partners to support our sales efforts through referrals and co-selling arrangements, as well as expand the use of Wdesk through complementary technology offerings and software integrations.

Our integrated platform, subscription-based model, and exceptional customer support have contributed to a low rate of customer turnover while achieving strong revenue growth. Our subscription and support revenue retention rate was 95.4% (excluding add-on seats) for the twelve months ended December 31, 2016.

We continue to invest in the development of our solutions, infrastructure and sales and marketing to drive long-term growth. Our full-time employee headcount expanded to 1,172 at December 31, 2016 from 1,122 at December 31, 2015, an increase of 4.5%.

We have achieved significant revenue growth in recent periods. Our revenue grew to $178.6 million in 2016 from $145.3 million in 2015, an increase of 23.0%. We incurred net losses of $44.0 million and $43.4 million in 2016 and 2015, respectively.

(1) Claim not confirmed by FORTUNE or Time Inc. FORTUNE 500 is a registered trademark of Time Inc. and is used under license. FORTUNE and Time Inc. are not affiliated with, and do not endorse products or services of, Workiva Inc.

Table of Contents

Key Factors Affecting Our Performance

New customers. We employ a “land-and-expand” sales strategy that focuses on acquiring new customers through our direct sales model and building our relationships with existing customers over time. Acquiring new customers is a key component of our continued success in the marketplace, growth opportunity and future revenue. We have aggressively invested in and intend to continue to invest in our direct sales force.

Further penetration of existing customers. Our account management teams seek to generate additional revenue from our customers by adding seats to existing subscriptions and by signing new subscriptions for additional business solutions on our platform. We believe a significant opportunity exists for us to sell additional subscriptions to current customers as they become more familiar with our platform and adopt our solutions to address additional business use cases.

Investment in growth. We are expanding our operations, increasing our headcount and developing software to both enhance our current offerings and build new features. We expect our total operating expenses to increase, particularly as we continue to expand our sales operations, marketing activities and development staff. We continue to invest in our sales, marketing and customer success organizations to drive additional revenue and support the growth of our customer base. Investments we make in our sales and marketing and research and development organizations will occur in advance of experiencing any benefits from such investments.

Seasonality. Our revenue from professional services has some degree of seasonality. Many of our customers employ our professional services just before they file their Form 10-K, often in the first calendar quarter. As of December 31, 2016, approximately 78% of our SEC customers report their financials on a calendar year basis. As our non-SEC offerings continue to grow, we expect our professional services revenue to continue to become less seasonal. Our sales and marketing expense also has some degree of seasonality. Sales and marketing expense is generally higher in the third quarter since we hold our annual user conference in September. In addition, we typically pay cash bonuses to employees in the first quarter, resulting in some seasonality in operating cash flow.

Table of Contents

Key Performance Indicators

	Year ended December 31,		
	2016	**2015**	**2014**
	(dollars in thousands)		
Financial metrics			
Total revenue	$178,646	$145,272	$112,694
Year-over-year percentage increase in total revenue	23.0 %	28.9 %	32.3 %
Subscription and support revenue	$143,120	$116,288	$91,317
Year-over-year percentage increase in subscription and support revenue	23.1 %	27.3 %	40.1 %
Subscription and support as a percent of total revenue	80.1 %	80.0 %	81.0 %

	As of December 31,		
	2016	**2015**	**2014**
Operating metrics			
Number of customers	2,772	2,524	2,261
Subscription and support revenue retention rate	95.4 %	95.8 %	97.0 %
Subscription and support revenue retention rate including add-ons	107.4		