VEEVA SYSTEMS INC
Form 10-K
March 31, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 31, 2016

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For transition period from to

Commission File Number 001-36121

Veeva Systems Inc.

(Exact name of Registrant as specified in its charter)

Delaware	20-8235463
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4280 Hacienda Drive

Pleasanton, California 94588

(Address of principal executive offices)

(925) 452-6500

(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 $0.00001	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 x No ¨

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

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 x No ¨

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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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. ¨

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.

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of voting stock held by non-affiliates of the Registrant on the last business day of the Registrant's most recently completed second fiscal quarter, which was July 31, 2015, based on the closing price of

$26.92 for shares of the Registrant's Class A common stock as reported by the New York Stock Exchange, was approximately $2.4 billion. Shares of Class A common stock or Class B common stock held by each executive officer, director, and their affiliated holders 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 March 18, 2016, there were 90,861,158 shares of the Registrant's Class A common stock outstanding and 43,291,733 shares of the Registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2016 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. The proxy statement will be filed by the Registrant with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year ended January 31, 2016.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements that are based on our beliefs and assumptions and on information currently available to us. Forward-looking statements include information concerning our possible or assumed future results of operations and expenses, business strategies and plans, trends, market sizing, competitive position, industry environment, potential growth opportunities and product capabilities, among other things. Forward-looking statements include all statements that are not historical facts and, in some cases, can be identified by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “pro “should,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including those described in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this annual report on Form 10-K. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Any forward-looking statement made by us in this annual report on Form 10-K speaks only as of the date on which it is made. Except as required by law, we disclaim any obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

As used in this annual report on Form 10-K, the terms “Veeva,” “Registrant,” “we,” “us,” and “our” mean Veeva Systems Inc. and its subsidiaries unless the context indicates otherwise.

ITEM 1. BUSINESS

Overview

Veeva is a leading provider of industry cloud software and data solutions for the global life sciences industry. We were founded in 2007 on the premise that industry-specific cloud solutions could best address the operating challenges and regulatory requirements of the life sciences industry. Our products are designed to meet the unique needs of life sciences companies, regardless of size. Targeted to address our customers' most strategic business functions—from research and development to commercialization—our solutions are designed to help the industry bring products to market faster and more efficiently, market and sell more effectively and maintain compliance with government regulations.

Our purpose-built solutions address a broad range of requirements within life sciences companies, including multichannel customer relationship management, regulated content and information management, master data management and customer data. Our solutions for the commercial function of life sciences companies—which we refer to as Veeva Commercial Cloud—bring together the customer data, content management and multichannel customer relationship management capabilities needed to achieve better customer engagement. Our solutions for key R&D functions—including clinical, quality and regulatory—help companies attain greater transparency, compliance and faster time to market.

All of our software solutions are delivered in the cloud or via intuitive mobile applications and are offered to our customers on a subscription basis. We currently provide three major releases of our software solutions per year that are included in our subscription and not subject to an additional fee. We implement new releases in our cloud computing environment such that when a new release is put into production, the prior version is fully replaced. Our cloud-based, multitenant architecture substantially reduces the need for our customers to buy, maintain and support IT infrastructure, and significantly reduces the cost and complexity relative to the implementation, maintenance and upgrade processes required for on-premise software or the customization required with generic cloud solutions that are not industry specific.

Because of our industry focus, we gain a unique, in-depth perspective into the needs and best practices of life sciences companies, which allows us to develop targeted new solutions and incorporate highly relevant enhancements into our existing solutions. Our industry cloud approach and multitenant architecture also allow us to adapt more quickly to the market and regulatory changes that are most significant to our customers. Our pace of innovation and customer success focus have allowed us to significantly expand our relationships with customers large and small. We believe we are fast becoming a highly strategic provider to the industry, marked by a growing customer base that utilizes an increasing number of our solutions.

Our Industry Cloud Solutions

Our solutions span four key areas: (i) the Veeva CRM family of applications for multichannel customer relationship management to enable coordinated and personalized customer engagement through multiple touch points, (ii) Veeva Vault for regulated content management and information management solutions to enable the management of complex, content-centric processes, (iii) the Veeva Network master data management solutions for the effective management of customer master and product master data, and (iv) Veeva's data and data services offerings, including Veeva OpenData for customer reference data and Veeva KOL Data for key opinion leader data. Each product line is described in further detail below.

Multichannel Customer Relationship Management

Our multichannel customer relationship management applications allow pharmaceutical and biotechnology companies to market and sell more efficiently, effectively and compliantly to physicians, other healthcare professionals and healthcare organizations across multiple touch points including in-person, email and online.

To support the life sciences industry's unique commercial business processes and regulatory compliance requirements, our multichannel customer relationship management applications provide highly specialized functionality such as prescription drug sample management with electronic signature capture, the management of complex affiliations between physicians and the organizations where they work, compliant email, and the capture of medical inquiries from physicians. In order to deliver the best possible functionality and user experience, we have designed and built a specific application for each mobile device platform we support, including Apple iPads, Windows 8 and 10 mobile devices, Windows-based laptops and tablet PCs.

Our multichannel customer relationship management applications include:

- Veeva CRM and Veeva Medical CRM enables physician-facing employees, such as pharmaceutical sales representatives, key account managers and scientific liaisons to manage, track and optimize interactions with healthcare professionals utilizing a single, integrated solution.

- Veeva CLM provides closed-loop marketing capabilities for use in in-person interactions with physicians. Veeva CLM allows customers to replace paper-based materials with interactive electronic marketing presentations while controlling the storage, distribution, presentation and tracking of promotional materials. In addition, through native integration with Veeva Vault, Veeva CLM helps customers ensure that only the latest approved presentations are delivered to physicians, helping to maintain regulatory compliance.
- Veeva CRM Mobile, our proprietary mobile application that runs on the Apple iPad and the Windows 8 and 10 platforms, combines the key functionality of Veeva CRM and Veeva CLM to provide users with functionality that helps maximize productivity in the field. Veeva CRM Mobile was designed to provide the functionality needed for pharmaceutical field sales representatives and other users to accomplish mission critical tasks in locations, such as hospitals and physicians' offices, whether or not an internet connection is available. Veeva CRM Mobile synchronizes to Veeva CRM when connected to the internet. When synchronizing, Veeva CRM Mobile uploads to Veeva CRM data captured while operating off-line, such as data regarding drug samples provided to physicians, and downloads data updates from Veeva CRM, such as new physician contact information.
- Veeva CRM Approved Email provides for the management, delivery and tracking of regulatory compliant email communication between sales representatives and physicians. Veeva CRM Approved Email includes capabilities to ensure compliant communications, such as managing physician email opt-in and opt-out. In addition, through native integration with Veeva Vault, Veeva CRM Approved Email helps customers ensure that only the latest approved email templates and documents can be delivered to physicians, helping to ensure regulatory compliance.
- Veeva CRM Engage provides closed-loop marketing capabilities for self-directed physician interactions via the web. Through native integration with Veeva Vault, Veeva CRM Engage ensures only the latest, approved materials are delivered to physicians, helping to improve regulatory compliance.
- Veeva CRM CoBrowse provides closed-loop marketing capabilities for web-based presentations to physicians led by the sales and marketing staff of life sciences companies. Through native integration with Veeva Vault, Veeva CRM CoBrowse helps customers ensure that only current content is delivered to physicians, helping to improve regulatory compliance.
- Veeva CRM Events Management enables the planning, management and execution of group meetings with healthcare professionals, and helps life sciences companies track and manage spending in order to meet transparency reporting requirements.
- Veeva Align enables life sciences companies to manage the allocation and alignment of sales and marketing resources to customers across all communication channels and define multichannel plans of action. Through native integration with Veeva CRM, Veeva Align allows the storage of historical and future alignments for incentive compensation calculations and automatically updates the active alignment of the field in Veeva CRM.

Regulated Content and Information Management

Veeva Vault, our cloud-based content and information management solution, is used by our customers across commercial functions, including medical, sales and marketing, and key R&D functions, including clinical, regulatory and quality. Veeva Vault consists of nine business applications and our proprietary Veeva Vault Platform. Veeva Vault applications each include a unique data model, deep functionality, and pre-defined workflows required to support very specific industry processes. Veeva Vault can be deployed as an integrated solution across multiple applications, enabling our customers to manage all their important documents and related data in a single, global system.

The Veeva Vault Platform was built with the rigorous content and information management requirements of the life sciences industry in mind, including comprehensive audit trail capabilities that record actions and updates enabling customers to manage their highly regulated content and data in a compliant manner. In addition, the Veeva Vault Platform offers key functionality across all the Veeva Vault applications, such as searching, content viewing and annotation, comprehensive workflow and approvals, electronic signatures, reporting and open application programming interfaces to allow for integration with other systems. The Veeva Vault Platform also includes a configuration toolset that allows customers to create their own Veeva Vault applications.

The Veeva Vault applications primarily used by R&D departments of life sciences companies include:

- Veeva Vault eTMF is an electronic trial master file application that manages the repository of important documents for active and archived clinical trials for improved inspection readiness, visibility and control. Vault eTMF enables collaboration between the life sciences company sponsoring the trial and outsourced partners, such as contract research organizations. All clinical trial documents are organized in Vault eTMF according to industry accepted guidelines in order to speed the transition from clinical trials to submission for regulatory approval.

- Veeva Vault Study Startup enables life sciences companies to more efficiently manage the process of activating investigator sites for clinical trials, accelerating time to first patient enrollment and automating complicated processes while helping to maintain compliance with regulatory requirements and connectivity with Vault eTMF. Veeva Vault Study Startup allows sites, sponsors and contract research organizations to access the same critical operational information, simplifying collaboration and increasing efficiency.
- Veeva Vault Investigator Portal manages the collection of documentation and collaboration among trial sponsors, trial sites and the researchers conducting the trials, known as investigators. Rather than faxing documentation or buying a separate secure file exchange, our customers can deploy the Vault Investigator Portal with Vault eTMF to streamline document collection and organization while complying with strict industry regulations relating to electronic record keeping systems.
- Veeva Vault QualityDocs enables the creation, review, approval, distribution and management of controlled documents, such as standard operating procedures, or SOPs, manufacturing recipes and specifications. All life sciences companies that are developing or selling regulated products must have a quality management system in place. Vault QualityDocs provides the document control and management system needed to manage these processes and enable greater compliance, quality and operational efficiency.
- Veeva Vault Submissions helps life sciences companies gather and organize all the documents and other content that should be included in a regulatory submission to a healthcare authority, such as the FDA. Vault Submissions organizes all content according to industry accepted guidelines, which helps to speed the time to regulatory submission by providing a single place for all researchers, contract research organizations and other collaboration partners to prepare and manage the entire content life cycle.
- Veeva Vault Registrations enables life sciences companies to manage, track and report product and registration information worldwide, including registration status, variations, health authority questions and commitments and certification requests. With a single, global solution companies can streamline registration management and increase the speed of responses to health authorities.
- Veeva Vault SubmissionsArchive is an authoritative source for submissions and correspondence that stores published submissions in a secure, globally accessible repository. Easy access and full visibility to submissions and correspondence, worldwide helps to enable faster, more accurate responses to health authorities.

Veeva Vault Submissions, Veeva Vault Registrations, and Veeva Vault SubmissionsArchive may be purchased separately or as a unified suite of applications called Veeva Vault RIM that improves regulatory business operations and compliance by providing a single authoritative source for submission documents, published dossiers, health authority interactions and product registrations.

The Veeva Vault applications primarily used by the commercial and medical departments of life sciences companies include:

- Veeva Vault PromoMats enables life sciences companies to manage the end-to-end process for creation, approval, distribution, expiration and withdrawal of commercial content across the full digital supply chain. Powerful capabilities such as review and approval, claims tracking, multichannel content distribution and withdrawal and an integrated digital asset library help to enable compliance, speed to market and greater content reuse.
- Veeva Vault MedComms provides life sciences companies with a single, validated source of medical content across multiple channels and geographies. Medical content is used by life sciences companies for verbal and written communications with healthcare professionals and patients, including approved answers to questions received through a call center or company website. Vault MedComms helps speed the creation, approval and delivery of medical content for more accurate scientific communications, better visibility and traceability of medical content and faster response time to medical inquiries.

Master Data Management

Veeva Network Customer Master, our cloud-based customer master data management solution, is designed to help life sciences companies create and maintain complete and accurate master records for individual healthcare professionals

and healthcare organizations. Veeva Network Customer Master is an industry-specific, cloud-based customer master software solution that deduplicates, standardizes and cleanses healthcare professional and organization data from multiple systems and data sources to arrive at a single, consolidated customer master record. Veeva Network Customer Master comes pre-configured with a data model that is specific to life sciences and supports global harmonization as well as country, market and regional data specifications within a single system. Veeva Network Customer Master also includes an intuitive user interface, powerful free text search and filtering capabilities and the ability to track and measure data quality and operating efficiency through key performance indicators.

Veeva Network Customer Master can be used seamlessly with Veeva OpenData to simplify the process of data delivery to customers and provide bi-directional integration of requests for data enrichment. Additionally, Veeva Network Customer Master can be operated in what we refer to as private mode when proprietary data from third party data providers is uploaded to the Veeva Network Customer Master solution. In private mode, the bi-directional integration between Veeva Network Customer Master and Veeva OpenData is disabled. Veeva Network Customer Master is also fully integrated with Veeva CRM in order to make the most up-to-date healthcare professional and healthcare organization data available to sales and marketing users.

Veeva Network Product Master, planned for general release in 2016, is our cloud-based product master data management offering to help life sciences companies create complete and accurate product master records. It deduplicates, standardizes and cleanses life sciences product data from multiple systems and data sources to arrive at a single, consolidated product master record for enterprise use. With Veeva Network Product Master, brand management teams can easily create product definitions, groupings and hierarchies, helping them to ensure an accurate representation of the parent brand, local trade names, and approved indications in every market.

Data and Data Services

Veeva OpenData Customer Data provides healthcare professional and healthcare organization data that includes demographic and license information, affiliations, and other key data such as digital profiles crucial to customer engagement and compliance. Veeva OpenData replaces the need for a number of disparate external data feeds, and is continuously updated from government and other authoritative industry sources. We maintain data quality and completeness through rigorous, automated, and steward-led validation. As of March 2016, Veeva OpenData customer data is available in 35 countries, and we plan to make it available in additional countries in the future.

Veeva OpenData Compliance Data identifies and assigns healthcare professional specialty information and license status, including expiration dates, which are essential to the compliance processes with respect to certain life sciences activities, such as confirming drug sample eligibility and assigning sales territories.

Veeva OpenData Data Services further reduce the cost and complexity of managing healthcare professional and healthcare organization data by providing fast, responsive maintenance services. Instead of maintaining dedicated in-house data stewards to verify internal updates to data, Veeva Data Services manages these processes on behalf of our customers, including data quality consulting and enhancements and ongoing maintenance services.

Veeva OpenData Email Services provides email data and email rental services to help improve outreach to healthcare professionals through digital channels. Veeva OpenData Email Services delivers a single source of healthcare professional email addresses that are continuously updated with data from trusted industry sources and verified by data stewards.

Veeva KOL Data and Services provide deep profile information for important healthcare professionals and other stakeholders, gleaned from their conference presentations, published research, clinical trials, grants, articles and social activity. It also maps their affiliations as well as social and relationship networks.

Professional Services and Support

In addition to cloud-based solutions that meet the specific needs of our life sciences customers, we also offer professional services to help customers maximize the value they get from those solutions. The people on these teams have a combination of life sciences industry expertise, project management skills and deep technical acumen that we believe our customers highly value. Our professional services are offered directly to customers or through our systems integrator partners. Our professional services teams also often work together with our systems integrator partners to

deliver projects. We offer professional services in the following areas:

- implementation and deployment planning and project management;
- requirements analysis, solution design and configuration;
- systems environment management and deployment services;
- services focused on advancing or transforming business and operating processes related to Veeva solutions;
- technical consulting services related to data migration and systems integrations;
- training on our solutions; and
- ongoing managed services, such as outsourced systems administration.

Our professional services teams are organized based on separate R&D and commercial competencies so that members of our professional services team can also provide knowledge and best practices advice for the R&D and commercial departments of our customers.

Our global systems integrator partners, including Accenture, Cognizant Technology Solutions, Deloitte Consulting and other life sciences specialty firms, also deliver implementation and selected support services to those of our customers who wish to utilize them.

Our Customers

As of January 31, 2016, we served 400 life sciences customers. For an explanation of how we define current customers, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Components of Results of Operations.” We deliver solutions to companies throughout the life sciences industry, including pharmaceuticals, biotechnology, medical products, contract sales organizations, or CSOs, and contract research organizations. Our customers range from the largest global pharmaceutical companies such as Bayer AG, Boehringer Ingelheim GmbH, Eli Lilly and Company, Gilead Sciences, Inc., Merck & Co., Inc., and Novartis International AG, to smaller pharmaceutical and biotechnology companies including Alkermes plc, Grupo Ferrer Internacional S.A., Ironwood Pharmaceuticals, Inc. and LEO Pharma A/S. For our fiscal years ended January 31, 2014, 2015, and 2016, we did not have any single customer that represented more than 10% of our total revenues. For a summary of our financial information by geographic location, see note 15 of the notes to our consolidated financial statements.

Our Culture and Employees

We have built our company culture on making customers successful and responding to our customers’ needs with speed. It is our aim to be among the few most trusted information technology partners the industry works closely with on its most important data and information technology needs. The deep partnerships we forge with our customers help us shape our offerings to best meet industry needs and allow us extend those relationships by providing additional solutions across a broader range of business areas. With a track record of ongoing, industry leading innovation and a steadfast commitment to our customers’ success we believe we are well positioned to continue to help the industry address a broader range of challenges and opportunities. We also believe our customer success focus provides a strategic advantage in our business development and sales efforts, as customers are strong advocates and refer others to our solutions.

We have carefully built our culture by recruiting, selecting and developing employees who are highly focused on delivering success for customers. This is a crucial element of our hiring and evaluation processes throughout all departments. We believe this approach produces high levels of customer success and employee success.

We also believe we provide employees a unique opportunity to develop and sell world-class, cloud-based applications and platforms within a specific industry. Historically, software developers had to choose between developing platforms for a broad, but generic set of customers, and building industry-specific solutions with limited further applicability. Our industry cloud approach empowers developers to build important applications and platforms that can become the standard in our industry while enabling sales personnel to sell a growing portfolio of solutions to a focused, deep set of life sciences companies. We believe that this unique opportunity will allow us to continue to attract top talent for our product development and sales efforts.

As of January 31, 2016, we employed 1,474 people. We also engage temporary employees and consultants. None of our employees is represented by a labor union. We have not experienced any work stoppages, and we consider our relations with our employees to be very good.

Technology Infrastructure and Operations

Our solutions utilize a pod-based architecture in multiple data centers that allow for scalability, operational simplicity and security. Our solutions are hosted in data centers located in the United States, the European Union and Japan. We utilize third-parties to provide our data center infrastructure and manage the infrastructure on which our solutions operate. We utilize industry standard hardware in redundant configurations to minimize service interruptions. We also utilize multiple domain name service providers to lessen the potential for network-related disruptions.

Our technology is based on multitenant architectures that apply common, consistent management practices for all customers using our solutions. We enable multiple customers to share the same version of our solutions while securely partitioning their respective data. Portions of our multichannel customer relationship management applications are built on the Salesforce1 Platform. Our Veeva Vault and Veeva Network solutions are built upon our own proprietary platforms. We built the proprietary portions of our

technology stack using recognized open source components. In addition, we use Amazon Web Services, which provides a scalable, distributed computing and storage infrastructure platform, for certain computing and data intensive functions of our solutions, such as analytic reporting, large data set manipulation and redundant storage.

We continually monitor our infrastructure for any sign of failure or pending failure, and we take preemptive action to attempt to minimize or prevent downtime. Our data centers employ advanced measures to ensure physical integrity and security, including redundant power and cooling systems, fire and flood prevention mechanisms, continual security coverage, biometric readers at entry points and anonymous exteriors. We also implement various disaster recovery measures, including full replication of hardware and data in our geographically distinct data centers, such that data loss would be minimized in the event of a single data center disaster.

All users are authenticated, authorized and validated before they can access our solutions. Users must have a valid user ID and associated password to log on to our solutions. Our configurable security model allows different groups of users to have different levels of access to our solutions. Our solutions' vulnerability is tested using internal tools prior to release, and we employ a third party to perform penetration and vulnerability tests on our solutions on at least an annual basis.

We also obtain independent third-party audit opinions related to security and availability annually, such as a Service Organization Controls, or SOC 2, Type II report.

Sales and Marketing

We sell our solutions through our direct sales organization.

At a high level, life sciences companies are typically organized by the major functions of research and development for the creation and development of new solutions, and commercial, for the sales and marketing of those solutions once they are approved for use. In large life sciences companies, research and development and commercial business lines may also have separate technology and business decision makers. Accordingly, we market and sell our solutions to align with the distinct characteristics of the research and development buyer and the commercial buyer. In our largest regions, we have distinct research and development and commercial sales teams. Each of these teams is further divided to sell to the largest global pharmaceutical companies and to smaller life sciences companies.

We believe the combination of our industry-focus and commitment to customer success provides strategic advantage and allows us to more efficiently market and sell our solutions as compared to horizontal cloud-based companies. Our awareness, demand generation and sales cultivation programs are highly targeted to only life sciences industry buyers. We believe that we further benefit from word-of-mouth marketing as customers endorse our solutions to their industry peers. This allows us to focus our sales and marketing efforts without the need for a larger number of sales executives.

Our Relationship with salesforce.com

Veeva CRM and certain of our related multichannel customer relationship management applications are developed on or utilize the Salesforce1 Platform of salesforce.com, inc. We are salesforce.com's preferred and recommended Salesforce1 Platform application provider of sales automation solutions for drug makers in the pharmaceutical and biotechnology industry, or the pharma/biotech industry. Our agreement provides that, subject to certain exceptions and specified remedies for breach, salesforce.com will not position, develop, promote, invest in or acquire applications directly competitive to the Veeva CRM application for sales automation that directly target the pharma/biotech industry. Our agreement with salesforce.com does not restrict a salesforce.com customer's ability (or the ability of salesforce.com on behalf of a specific salesforce.com customer) to customize or configure the Salesforce1 Platform.

However, our agreement restricts salesforce.com from competing with us with respect to sales opportunities for sales automation solutions for the pharma/biotech industry unless such competition has been pre-approved by salesforce.com's senior management based on certain criteria specified in the agreement. Our agreement also imposes certain limits on salesforce.com entering into arrangements similar to ours with other parties with respect to sales automation applications for the pharma/biotech industry. Our agreement allows us to provide our customers with rights to the Salesforce1 Platform Unlimited Edition for use as combined with the proprietary aspects of certain of our multichannel customer relationship management applications, and subject to salesforce.com's standard prior review and approval processes, to build additional applications on the Salesforce1 Platform.

Under our agreement, salesforce.com provides the hosting infrastructure and data center for portions of our multichannel customer relationship management applications, as well as the system administration, configuration, reporting and other platform level functionality. In exchange, we pay salesforce.com a fee. Our current agreement with salesforce.com expires on September 1, 2025 and is renewable for five-year periods upon mutual agreement. We are obligated to meet minimum order commitments of $500 million over the term of the agreement, including "true-up" payments if the orders we place with salesforce.com have not equaled or exceeded

the following aggregate amounts within the timeframes indicated: (i) $250 million from March 1, 2014 to September 1, 2020 and (ii) the full amount of $500 million by September 1, 2025. If either party elects not to renew the agreement or if the agreement is terminated by us as a result of salesforce.com's breach, the agreement provides for a five-year wind-down period in which we would be able to continue providing the Salesforce1 Platform as combined with the proprietary aspects of our solutions to our existing customers but would be limited with respect to the number of additional subscriptions we could sell to our existing customers. We believe that we have a mutually beneficial strategic relationship with salesforce.com.

Quality and Compliance

Our customers use our solutions for business activities that are subject to a complex regime of country and region specific healthcare laws and regulations across the globe. In order to best serve our customers, we must ensure that the data processed by our systems are accurate and secure and that they retain the level of confidentiality and privacy commensurate with the type of information managed. To comply with IT healthcare regulations, industry-specific capabilities must be designed for and embedded in all of our solutions. These capabilities include: robust audit trail tracking, compliant electronic signature capture, data encryption and secure access controls. In addition to design requirements, our solutions must be thoroughly tested to comply with the regulations that apply to electronic record keeping systems for the life sciences industry, which include:

Regulation	Regulation Description
21 CFR 820.75	U.S. FDA device regulation on system validation
21 CFR 211.68	U.S. FDA pharma GMP regulation on system validation
21 CFR 11	U.S. FDA requirement for maintenance of electronic records
EU Annex 11	EU GMP requirement for maintenance of electronic

	records
21 CFR 203	Drug sample tracking as required by the Prescription Drug Marketing Act
PFSB Notification, No. 0401022 (Japan)	Use of Electromagnetic Records and Electronic Signatures for Approval of, or License for, Drugs

Each version of our solutions undergoes validation testing against these and other relevant standards. Veeva performs IQ and OQ, develops a validation plan and executes the protocols. The results of each independent validation are then reviewed and confirmed in a summary report by our quality and compliance team. As such, we maintain a dedicated team of quality and compliance experts that manages our processes for meeting the requirements of the FDA and other global life sciences regulatory agencies. The functions of this quality and compliance team include three separate domains, each managed by a responsible area head:

- quality systems oversees resource management, document management, computer validation and quality oversight;
- compliance oversees audit management, supplier management and regulatory intelligence; and
- the security office oversees information security and data privacy, security awareness training and security incident management.

Veeva has designed and implemented a Quality Management System (QMS) that is aligned with our customers' regulatory standards for IT compliance. Our QMS is maintained in our own Veeva Vault QualityDocs application. A compliant QMS in the healthcare regulated environment entails:

- a comprehensive set of quality policies and procedures;
- an independent quality assurance function that oversees development and maintenance of our software;
- audit support of our customers' regulatory obligation to perform due diligence on their suppliers;
- computer systems validation aligned with healthcare industry best practices as outlined in published regulatory standards;
- a resource management program to ensure employees have the requisite demonstrable level of experience and training;
- a risk management program to identify product realization and other business risks; and
- an information security program to ensure IT controls conform to established standards.

With respect to data protection, Veeva is a registered Data Controller and Data Processor under EU Data Protection Directive 95/46/EC. We routinely execute the EU Standard Contractual Clauses, often also referred to as Model Clauses, to ensure that our European customers have adequate assurance of our technical and organization controls regarding data privacy.

Our quality and compliance team also manages the process of customer audits, which is often a required due diligence step in customer purchase decisions. We believe our approach to quality and compliance is a reflection of our focus on customer success and is a competitive differentiator.

Research and Development

Our ability to compete depends in large part on our continuous commitment to research and development and our ability to rapidly introduce new applications, technologies, features and functionality. Our research and development organization is responsible for the design, development and testing of our solutions and applications. Based on customer feedback and needs, we focus our efforts on developing new solutions functionality, applications and core technologies and further enhancing the usability, functionality, reliability, performance and flexibility of existing solutions and applications.

Research and development expenses were $26.3 million, $41.2 million and $66.0 million for our fiscal years ended January 31, 2014, 2015 and 2016, respectively.

Competition

The overall market for life sciences software is global, rapidly evolving, highly competitive and subject to changing regulations, advancing technology and shifting customer needs. The solutions and applications offered by our competitors vary in size, breadth and scope.

Our multichannel customer relationship applications compete with offerings from large global enterprise software vendors, such as Oracle Corporation, and also compete with life sciences-specific vendors, such as IMS Health Holding, Inc. We also compete with a number of vendors of cloud-based and on-premise customer relationship management applications that address only a portion of one of our customer relationship management solutions. Veeva Vault, our regulated content and information management solutions, competes with offerings from large global content management platform vendors such as EMC Corporation, Microsoft Corporation and OpenText Corporation. We also compete with professional services companies that provide solutions on these platforms, such as Computer Sciences Corporation, and with other life sciences specific providers. In the future, providers of horizontal cloud-based storage products may seek to compete with our regulated content and information management solutions. Our Veeva Network master data management solutions compete with master data software offerings from vendors such as Informatica Corporation, IMS and other smaller providers. Our data and data services offerings compete with IMS and many other data providers.

We may also face competition from custom-built software developed by third-party vendors or developed in-house by our potential customers, or from applications built by our customers or by third parties on behalf of our customers using commercially available software platforms that are provided by third parties. We may also face competition from companies that provide cloud-based solutions in different target or horizontal markets that may develop applications or work with companies that operate in our target markets. With the introduction of new technologies and market entrants, we expect competition to intensify in the future.

In some cases, our competitors are well-established providers of competitive solutions and have long-standing relationships with many of our current and potential customers, including large pharmaceutical and emerging

biopharmaceutical companies. Oracle, EMC and IMS, for example, each have greater name recognition, a much longer operating history, larger marketing budgets and significantly greater resources than we do.

Many of our competitors may be able to devote greater resources to the development, promotion and sale of their products and services than we are able. Such competitors may be able to initiate or withstand substantial price competition, and may offer solutions competitive to certain of our solutions on a standalone basis at a lower price or bundled as part of a larger product sale, including the bundling of software solutions and data. In addition, many of our competitors have established marketing relationships, access to larger customer bases and distribution agreements with consultants, system integrators and resellers that we do not have. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their product offerings or resources.

In addition, in order to take advantage of customer demand for cloud-based solutions, such competitors may expand their cloud-based solutions through acquisitions and organic development or may seek to partner with other leading cloud providers. For instance, in April 2015, IMS acquired the information solutions and CRM businesses of Cegedim SA. The combined entity is likely to intensely

compete with us in a number of product areas, including software solutions, data and data services, and such competition may negatively impact our business.

We believe the principal competitive factors in our market include the following:

- level of customer satisfaction;
- regulatory compliance verification and functionality;
- domain expertise with respect to life sciences;
- ease of deployment and use of solutions and applications;
- breadth and depth of solution and application functionality;
- brand awareness and reputation;
- modern and adaptive technology platform;
- capability for customization, configurability, integration, security, scalability and reliability of applications;
- total cost of ownership;
- ability to innovate and respond to customer needs rapidly;
- size of customer base and level of user adoption; and
- ability to integrate with legacy enterprise infrastructures and third-party applications.

We believe that we compete favorably on the basis of these factors and that the domain expertise required for developing and deploying successful solutions in the life sciences industry may hinder new entrants that are unable to invest the necessary capital to develop solutions that can address the functionality, requirements and regulatory compliance capabilities needed for the life sciences industry. Our ability to remain competitive will largely depend on our ongoing performance in the areas of solution and application development and customer support.

Intellectual Property

We rely on a combination of patents, trade secrets, copyrights and trademarks, as well as contractual protections, to establish and protect our intellectual property rights. We have recently instituted a process for seeking patent protection for our technology innovations and to date we have secured 3 patents and have 21 pending U.S. and international patent applications. We plan to continue expanding our patent portfolio. We require our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and control access to software, documentation and other proprietary information. Although we rely on our intellectual property rights, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new features and functionality and frequent enhancements to our applications are essential to establishing and maintaining our technology leadership position as provider of software solutions and applications to the life sciences industry.

Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our application. Policing unauthorized use of our technology and intellectual property rights is difficult, and protection of our rights through civil enforcement mechanisms may be expensive and time consuming.

Companies in our industry often own a number of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. We have in the past settled a lawsuit from a competitor asserting patent infringement and a lawsuit from a competitor asserting trademark infringement, and we may face new allegations in the future that we have infringed the patents, trademarks, copyrights, trade secrets and other intellectual property rights of other competitors or non-practicing entities. We expect that we and others in our industry will continue to be subject to third-party infringement claims by competitors as the functionality of applications in different industry segments overlaps, and by non-practicing entities. Any of these third parties might make a claim of infringement against us at any time.

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Business Combinations

Most of our solutions were developed by our in-house research and development teams, but there are instances in which we acquire relevant outside expertise or product capabilities to help our customers succeed.

On September 29, 2015, we completed our acquisition of Mineral Newco Ltd., the ultimate parent company of Zinc Ahead Ltd. and other affiliates (collectively, "Zinc Ahead") in an all-cash transaction. The total closing consideration for the purchase was approximately $119.9 million in cash. In addition, the agreement calls for $10.0 million payable at a rate of one-third per year to employee shareholders and option holders of Zinc Ahead who remain employed with us. These payments have been accounted for as deferred compensation and will be recognized over the service period. Zinc Ahead was a provider of commercial content management solutions. We expect this acquisition to support the continued growth of our commercial content management solutions. Over time, we will seek to convert the users of the Zinc Ahead solutions to our Veeva Vault PromoMats application.

Corporate Information

We were incorporated in the state of Delaware in January 2007 and changed our name to Veeva Systems Inc. from Verticals onDemand, Inc. in April 2009. Our principal executive offices are located at 4280 Hacienda Drive, Pleasanton, California 94588. Our telephone number is (925) 452-6500. Our website address is http://www.veeva.com. Information contained on our website is not incorporated by reference into this annual report on Form 10-K, and you should not consider information contained on our website to be part of this annual report on Form 10-K or in deciding whether to purchase shares of our Class A common stock. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on the Investors portion of our website at http://ir.veeva.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below and in "Management's Discussion and Analysis of Financial Condition and Results of Operations", together with all of the other information in this annual report on Form 10-K, including our consolidated financial statements and related notes, before investing in our Class A common stock. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the price of our Class A common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

Our quarterly results may fluctuate significantly, which make it difficult to predict our future operating results and could prevent us from meeting investor expectations, or our own guidance, and which would adversely impact the value of our Class A common stock.

Our quarterly results of operations, including our revenues, gross margin, operating margin, profitability, cash flows and deferred revenue, may vary significantly in the future for a variety of reasons, including those listed elsewhere in this "Risk Factors" section, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, our quarterly results should not be relied upon as an indication of future performance. Additionally, we issue guidance quarterly regarding our expectations for certain future financial results. Our ability to forecast our future operating results, including revenues, gross margin, operating margin, profitability, cash flows and deferred revenue, is limited, including by our relatively limited operating history, and subject to a number of uncertainties, including incomplete information and our expectations as to certain future events that we do not control. Our guidance may prove to be incorrect and actual results may differ materially from our guidance. Fluctuations in our results or failure to achieve our forecasts and guidance may adversely impact the value of our Class A common stock.

We expect the future growth rate of our revenues to decline.

In our fiscal years ended January 31, 2014, 2015 and 2016, our total revenues grew by 62%, 49% and 31%, respectively, as compared to total revenues from the prior fiscal years. We expect the growth rate of our revenues to decline in future periods which may adversely impact the value of our Class A common stock.

As our costs increase, we may not be able to sustain the level of profitability we have achieved in the past.

We expect our future expenses to increase as we continue to invest in our business. We expect to incur significant future expenditures related to:

- developing new solutions, enhancing our existing solutions and improving the technology infrastructure, scalability, availability, security and support for our solutions;
- expanding and deepening our relationships with our existing customer base, including expenditures related to increasing the adoption of our solutions by the research and development departments of life sciences companies;
- sales and marketing, including expansion of our direct sales organization and global marketing programs;
- expansion of our professional services organization;
- international expansion;
- integrating the business and headcount of Zinc Ahead;
- employee compensation, including stock based compensation;
- further build out of our new corporate headquarters located in Pleasanton, California; and
- general operations, IT systems and administration, including legal and accounting expenses related to being a public company.

If our efforts to increase revenues and manage our expenses are not successful, or if we incur costs, damages, fines, settlements or judgments as a result of other risks and uncertainties described in this report, we may not be able to increase or sustain our historical levels of profitability.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our solutions may be perceived as not being secure, customers may reduce the use of or stop using our solutions and we may incur significant liabilities.

Our solutions involve the storage and transmission of our customers' proprietary information, including personal or identifying information regarding their employees and the medical professionals whom their sales personnel contact, sensitive proprietary data related to the regulatory submission process for new medical treatments, and other sensitive information. As a result, unauthorized access or security breaches as a result of third-party action, employee error, malfeasance or otherwise could result in the loss of information, litigation, indemnity obligations, damage to our reputation and other liability. 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. Any or all of these issues could adversely affect our ability to attract new customers, cause existing customers to elect to not renew their subscriptions, result in reputational damage or subject us to third-party lawsuits, regulatory fines or other action or liability, which could adversely affect our operating results. Our insurance may not be adequate to cover losses associated with such events, and in any case, such insurance may not cover all of the types of costs, expenses and losses we could incur to respond to and remediate a security breach. A security breach of another significant provider of cloud-based solutions may also negatively impact the demand for our solutions.

The markets in which we participate are highly competitive, and if we do not compete effectively, our business and operating results could be adversely affected.

The markets for our solutions are highly competitive. Our multichannel customer relationship management applications compete with offerings from large global enterprise software vendors, such as Oracle Corporation, and also compete with life sciences-specific customer relationship management providers, such as IMS Health Holding, Inc. We also compete with a number of vendors of cloud-based and on-premise customer relationship management applications that address only a portion of one of our customer relationship management solutions. Veeva Vault, our regulated content and information management solutions, competes with offerings from large global content management platform vendors such as EMC Corporation, Microsoft Corporation and OpenText Corporation. We also compete with professional services companies that provide solutions on these platforms, such as Computer Sciences Corporation, and with other life sciences specific providers. In the future, providers of horizontal cloud-based storage products may seek to compete with our regulated content and information management solutions. Our master data management solutions compete with master data software offerings from vendors such as Informatica Corporation, IMS and other smaller providers. Our data and data services offerings compete with IMS and many other data providers. We may also face competition from custom-built software developed by third-party vendors or developed in-house by our potential customers, or from applications built by our customers or by third parties on behalf of our customers using commercially available software platforms that are provided by third parties. We may also face competition from companies that provide cloud-based solutions in different target or horizontal markets that may develop applications or work with companies that operate in our target markets. With the introduction of new technologies and market entrants, we expect competition to intensify in the future.

In some cases, our competitors are well-established providers of competitive solutions and have long-standing relationships with many of our current and potential customers, including large pharmaceutical and emerging biopharmaceutical companies. Oracle, EMC and IMS, for example, each have name recognition, a much longer operating history, larger marketing budgets and significantly greater resources than we do.

Many of our competitors may be able to devote greater resources to the development, promotion and sale of their products and services than we are able. Such competitors may be able to initiate or withstand substantial price competition, and may offer solutions competitive to certain of our solutions on a stand-alone basis at a lower price or

bundled as part of a larger product sale, including the bundling of software solutions and data. In addition, many of our competitors have established marketing relationships, access to larger customer bases and distribution agreements with consultants, system integrators and resellers that we do not have. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their product offerings or resources. In addition, in order to take advantage of customer demand for cloud-based solutions, such competitors may expand their cloud-based solutions through acquisitions and organic development or may seek to partner with other leading cloud providers. For instance, on April 1, 2015, IMS announced that its acquisition of the information solutions and CRM businesses of Cegedim SA had closed. The combined entity is likely to intensely compete with us in a number of product areas, including software solutions, data and data services, and such competition may negatively impact our business.

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, if their products or services are more technologically capable than ours, or if customers replace our solutions with custom-built software, then our revenues could be adversely 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 could adversely affect our business.

In our fiscal year ended January 31, 2016, we derived approximately 79% of our subscription services revenues and 74% of our total revenues from our multichannel customer relationship management applications. Within multichannel customer relationship management, our core Veeva CRM application has achieved substantial penetration within the sales teams of pharmaceutical and biotechnology companies. If our efforts to sustain or further increase the use and adoption of our customer relationship management applications do not succeed, the growth rate of our revenues may decline.

In our fiscal year ended January 31, 2016, we derived approximately 79% of our subscription services revenues and 74% of our total revenues from our core sales automation solution, Veeva CRM, and the other multichannel customer relationship management applications that are complementary to Veeva CRM. We have realized substantial sales penetration of the available market for our core Veeva CRM application among pharmaceutical and biotechnology companies. A critical factor for our continued growth is our ability to sell additional user subscriptions for Veeva CRM and the other multichannel customer relationship management applications that are complementary to Veeva CRM to our existing and new customers. Any factor adversely affecting sales of these applications—including substantial penetration of the available market for our core Veeva CRM application, reductions in user subscriptions due to acquisitions of or business combinations between our customers or increased purchasing scrutiny which may result in reductions in user subscription or increased pricing pressure—could adversely affect the growth rate of our sales, revenues, operating results and business.

If our newer solutions, including Veeva Vault, Veeva Network Customer Master, Veeva Network Product Master, Veeva's data offerings and our newer multichannel customer relationship management applications that complement Veeva CRM, are not successfully adopted by new and existing customers, the growth rate of our revenues and operating results will be adversely affected.

Our continued growth and profitability will depend on our ability to successfully develop and sell new solutions, including Veeva Vault, Veeva Network Customer Master, Veeva Network Product Master, Veeva's data offerings and our newer multichannel customer relationship management applications that complement Veeva CRM. These solutions were introduced relatively recently. Although combined revenues related to these solutions made up approximately 21% and 26% of our subscription services revenues and total revenues, respectively, in the year ended January 31, 2016 and the Veeva Vault solution, in particular, has begun to achieve market acceptance, it is uncertain whether these solutions will continue to grow as a percentage of revenues at a pace significant enough to support our expected growth. It may take us significant time, and we may incur significant expense to effectively market and sell these solutions or to develop other new solutions and make enhancements to our existing solutions. If our newer solutions do not continue to gain traction in the market, or other solutions that we may develop and introduce in the future do not achieve market acceptance in a timely manner, the growth rate of our revenues and operating results may be adversely affected.

Our revenue from professional services fees is volatile and may not increase from quarter to quarter or at all.

We derive a significant portion of our revenue from professional services fees. Our professional services revenues fluctuate from quarter to quarter as a result of the achievement of milestones in our professional services arrangements, and the requirements, complexity and timing of our customers' implementation projects. Generally, a customer's ongoing need for professional services with respect to one or more of our solutions decreases as the implementation and full deployment of such solutions is completed. In addition, we believe that the implementation projects for some of our newer software solutions will require a lower level of professional services as compared to the implementation projects for our Veeva CRM application. Our customers may also choose to use third parties rather than us for certain professional services related to our solutions. As a result of these and other factors, our professional services revenues may not increase on a quarterly basis in the future or at all.

Our subscription agreements with our customers are generally for a term of one year. If our existing customers do not renew their subscriptions annually, or do not buy additional solutions and user subscriptions from us, or renew at lower fee levels, our business and operating results will suffer.

We derive a significant portion of our revenues from the renewal of existing subscription orders. The orders we enter into with our customers for subscription services typically have a one-year term. Our customers have no obligation to renew their subscriptions for our solutions after their orders expire. Thus, securing the renewal of our subscription orders and selling additional solutions and user subscriptions is critical to our future operating results. Factors that may affect the renewal rate for our solutions and our ability to sell additional solutions and user subscriptions include:

- the price, performance and functionality of our solutions;
- the availability, price, performance and functionality of competing solutions and services;
- the effectiveness of our professional services;
- our ability to develop complementary solutions, applications and services;

- the stability, performance and security of our hosting infrastructure and hosting services; and
- the business environment of our customers and, in particular, acquisitions of or business combinations between our customers or other business developments may result in reductions in user subscriptions.

In addition, our customers may negotiate terms less advantageous to us upon renewal, which may reduce our revenues from these customers. As a customer's total spend on Veeva solutions increases, we expect purchasing scrutiny at renewal to increase as well, which may result in reductions in user subscriptions or increased pricing pressure. Other factors that are not within our control may contribute to a reduction in our subscription services revenues. For instance, our customers may reduce their number of sales representatives, which would result in a corresponding reduction in the number of user subscriptions needed for some of our solutions and thus a lower aggregate renewal fee. If our customers fail to renew their subscription orders, renew their subscription orders upon less favorable terms or at lower fee levels, or fail to purchase new solutions, applications and professional services from us, our revenues may decline or our future revenues may be constrained.

The loss of one or more of our key customers, or their failure to renew or expand user subscriptions, could slow the growth rate of our revenues or cause our revenues to decline.

In our fiscal years ended January 31, 2014, 2015 and 2016, our top 10 customers accounted for 56%, 54% and 50% of our total revenues, respectively. We rely on our reputation and recommendations from key customers in order to promote our solutions to potential customers. The loss of any of our key customers, or a failure of one or more of them to renew or expand user subscriptions, could have a significant impact on the growth rate of our revenues, reputation and our ability to obtain new customers. In the event of an acquisition of one of our largest customers or a business combination between two of our largest customers, we may suffer reductions in user subscriptions or non-renewal of our agreements. We are also likely to face increasing purchasing scrutiny at renewal of these large customer contracts, which may result in reductions in user subscription or increased pricing pressure. The business impact of any of these negative events is particularly pronounced as to our largest customers.

An inability to attract and retain highly skilled employees could adversely affect our business.

To execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for engineers with high levels of experience in designing and developing software and internet-related services and senior sales executives. 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 or we have breached their legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the stock awards they receive in connection with their employment. If the perceived value of our stock awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. 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.

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 have in the past acquired and may in the future seek to acquire or invest in businesses, solutions or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. For instance, we recently acquired the key opinion leader business and products of Qforma, Inc., Mederi AG and other affiliated entities through a combination of stock and asset purchases. Further, on September 29, 2015, we completed our acquisition of Zinc Ahead, for a total closing consideration of approximately $119.9 million

in cash. In addition, the agreement calls for $10.0 million payable at a rate of one-third per year to employee shareholders and option holders of Zinc Ahead who remain employed with us.

We have limited experience in acquiring other businesses. We may not be able to successfully integrate the acquired personnel, operations and technologies, 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;

- problems arising from differences in applicable accounting standards or practices of the acquired business (for instance, non-U.S. businesses, like the Zinc Ahead business, may not be accustomed to preparing their financial statements in accordance with GAAP) or difficulty identifying and correcting deficiencies in the internal controls over financial reporting 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 revenues, 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;
- difficulty in retaining key personnel of the acquired business;
- the possibility of investigation by, or the failure to obtain required approvals from, governmental authorities on a timely basis, if at all, under various regulatory schemes, including competition laws, which could, among other things, delay or prevent us from completing a transaction, subject the transaction to divestiture after a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of the acquisition;
- 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 may also result in purchase accounting adjustments, write-offs and restructuring charges which may negatively affect our results.

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 may suffer.

Additionally, 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.

We have experienced rapid growth in recent periods, and if we fail to manage our growth effectively, we may be unable to execute our business plan.

Since we were founded, we have experienced rapid growth and expansion of our operations. Our revenues, customer count, product and service offerings, employees, countries of operation, facilities and computing infrastructure needs have all increased significantly and we expect them to increase in the future. Our rapid growth has placed, and will continue to place, a significant strain on our management capabilities, administrative and operational infrastructure, facilities and other resources. If we are unable to anticipate the demands of our growth or effectively manage our growth, our operating and financial results likely would be harmed.

Our agreement with salesforce.com imposes significant financial commitments on us which we may not be able to meet and which could negatively impact our financial results and liquidity in the future.

Our Veeva CRM application, and certain portions of the multichannel customer relationship management applications that complement our Veeva CRM application, are developed on and/or utilize the Salesforce1 Platform of salesforce.com, inc. Under our agreement, salesforce.com provides the hosting infrastructure and data center for portions of our multichannel customer relationship management applications, as well as the system administration,

configuration, reporting and other platform level functionality. In exchange, we pay salesforce.com a fee. Our agreement with salesforce.com requires that we meet minimum order commitments of $500 million over the term of the agreement, which ends on September 1, 2025, including “true-up” payments if the orders we place with salesforce.com have not equaled or exceeded the following aggregate amounts within the timeframes indicated: (i) $250 million from March 1, 2014 to September 1, 2020 and (ii) the full amount of $500 million by September 1, 2025. If we are not able to meet the minimum order commitments, the required true-up payments will negatively impact our margins, cash flows, cash balance and financial condition, and our stock price may decline.

Substantially all of our revenues are generated by sales to customers in the life sciences industry, and factors that adversely affect this industry, including mergers within the life sciences industry, could also adversely affect us.

Substantially all of our sales are to customers in the life sciences industry. Demand for our solutions could be affected by factors that adversely affect the life sciences industry, including:

- The consolidation of companies or bankruptcies within the life sciences industry—Consolidation within the life sciences industry has accelerated in recent years, and this trend could continue. We may lose customers due to industry consolidation, and we may not be able to expand sales of our solutions and services to new customers to replace lost customers. In addition, new companies that result from such consolidation may decide that our solutions are no longer needed because of their own internal processes or the use of alternative solutions. As these entities consolidate, competition to provide solutions and services to industry participants will become more intense and the importance of establishing relationships with large industry participants will become greater. These industry participants may try to use their market power to negotiate price reductions for our solutions. Also, if consolidation of larger current customers occurs, the combined company may represent a larger percentage of business for us and, as a result, we are likely to rely more significantly on the combined company's revenues to continue to achieve growth. Mergers of large life sciences companies have also been discussed which, if consummated, would have the potential to reduce per unit pricing for our solutions for the merged companies, or to reduce demand for one or more of our solutions as a result of potential personnel reductions over time. Additionally, our customers with potential treatments in clinical trials may be unsuccessful and may subsequently declare bankruptcy.
- The changing regulatory environment of the life sciences industry—Changes in regulations could require us to expend significant resources in order to ensure that our solutions continue to meet the compliance needs of our customers or could prevent our customers from using certain of our solutions or certain functionality of our solutions.
- Changes in market conditions and practices within the life sciences industry—The expiration of key patents, changes in the practices of prescribing healthcare professionals, changes with respect to payer relationships, the policies and preferences of healthcare professionals and healthcare organizations with respect to the sales and marketing efforts of life sciences companies, changes in the regulation of the sales and marketing efforts and pricing practices of life sciences companies, and other factors could lead to a significant reduction in pharmaceutical sales representatives that use our solutions or otherwise change the demand for our solutions. Changes in public perception regarding the practices of the life sciences industry may result in political pressure to increase the regulation of life sciences companies in one or more of the areas described above, which may negatively impact demand for our solutions.
- Changes in global economic conditions and changes in the global availability of healthcare treatments provided by the life sciences companies to which we sell—Our business depends on the overall economic health of our existing and prospective customers. The purchase of our solutions may involve a significant commitment of capital and other resources. If economic conditions, including the ability to market life sciences products in key markets or the demand for life sciences products globally deteriorates, many of our customers may delay or reduce their IT spending. This could result in reductions in sales of our solutions, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition.

Accordingly, our operating results and our ability to efficiently provide our solutions to life sciences companies and to grow or maintain our customer base could be adversely affected as a result of factors that affect the life sciences industry generally.

If the third-party providers of healthcare reference data and prescription drug sales data do not allow our customers to upload and use such data in our solutions, our business may be negatively impacted.

Many of our customers license healthcare professional and healthcare organization data and data regarding the sales of prescription drugs from third parties such as IMS. In order for our customers to upload such data to the Veeva CRM and Veeva Network Customer Master solutions, such third-party data providers typically must consent to such uploads and often require that we enter into agreements regarding our obligations with respect to such data, which

include confidentiality obligations and intellectual property rights with respect to such third-party data. We have experienced delays and difficulties in our negotiations with such third-party data providers in the past and we expect to experience difficulties in the future. For instance, IMS currently will not consent to its healthcare professional or healthcare organization data being uploaded to Veeva Network Customer Master. If such third-party data providers do not consent to the uploading and use of their data in our solutions, delay consent or fail to offer reasonable conditions for the upload and use of such data in our solutions, our sales efforts, solution implementations and productive use of our solutions by customers may be harmed, and, in turn, our business may be negatively impacted.

Our solutions address heavily regulated functions within the life sciences industry, and failure to comply with applicable laws and regulations could lessen the demand for our solutions or subject us to significant claims and losses.

Our customers use our solutions for business activities that are subject to a complex regime of global laws and regulations, including requirements for maintenance of electronic records and electronic signatures (as set forth in 21 CFR Part 11, EU GMP Annex 11, and Japan PFSB 0401022), requirements regarding drug sample tracking and distribution (as set forth in 21 CFR Part 203, EU Directive 201/83/EC Article 96), and other laws and regulations. Our solutions are expected to be capable of use by our customers in compliance with such laws and regulations. Our efforts to provide solutions that comply with such laws and regulations are time-consuming and costly, and include validation procedures that may delay the release of new versions of our solutions. As these laws and regulations change over time, we may find it difficult to adjust our solutions to comply with such changes. In addition, as we increase the number of products we offer, the complexity of adjusting our solutions to comply with legal and regulatory changes will increase. If we are unable to effectively manage this increase or if we are not able to provide solutions that can be used in compliance with applicable laws and regulations, customers may be unwilling to use our solutions and any such non-compliance could result in the termination of our customer agreements or claims arising from such agreements with our customers.

Additionally, any failure of our customers to comply with laws and regulations applicable to the functions for which our solutions are used could result in fines, penalties or claims for substantial damages against our customers that may harm our business or reputation. If such failure were allegedly caused by our solutions or services, our customers may make a claim for damages against us, regardless of our responsibility for the failure. We may be subject to lawsuits that, even if unsuccessful, could divert our resources and our management’s attention and adversely affect our business, and our insurance coverage may not be sufficient to cover such claims against us.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable investment of time and expense. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our operating results and growth would be harmed.

Our sales process entails planning discussions with prospective customers, analyzing their existing solutions and identifying how these potential customers can use and benefit from our solutions. The sales cycle for a new customer, from the time of prospect qualification to the completion of the first sale, may span over 12 months or longer. In particular, we have limited history selling to the research and development departments of life sciences companies, yet many of our newer solutions, including certain Veeva Vault applications, were developed to target the research and development function. As a result, our sales cycle for these solutions may be lengthy and difficult to predict. We spend substantial time, effort and money in our sales efforts without any assurance that our efforts will result in the sale of our solutions. In addition, our sales cycle can vary substantially from customer to customer because of various factors, including the discretionary nature of potential customers’ purchasing and budget decisions, the announcement or planned introduction of new solutions by us or our competitors and the purchasing approval processes of potential customers. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our operating results and growth would be harmed.

Defects or disruptions in our solutions could result in diminishing demand for our solutions, a reduction in our revenues and subject us to substantial liability.

We generally release updates to our solutions three times per year. These updates may contain undetected errors when first introduced or released. We have from time to time found defects in our solutions, and new errors in our existing solutions may be detected in the future. Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions or other performance problems with our solutions could hurt our reputation and may

damage our customers' businesses. If that occurs, our customers may delay or withhold payment to us, cancel their agreements with us, elect not to renew, make service credit claims, warranty claims or other claims against us, and we could lose future sales. The occurrence of any of these events could result in diminishing demand for our solutions, a reduction of our revenues, an increase in our bad debt expense, an increase in collection cycles for accounts receivable, require us to increase our warranty provisions, or incur the expense of litigation or substantial liability.

We depend on data centers and computing infrastructure operated by third parties for our cloud solutions, and any disruption in these operations could adversely affect our business and subject us to liability.

Our commercial solutions are hosted from data centers operated by third parties, including salesforce.com with respect to our solutions related to Veeva CRM. We do not control the operation of these facilities. The owners of our non-salesforce.com data centers have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transfer our servers and other infrastructure to new data center facilities, and we may incur significant costs and possible service interruption in connection with doing so.

In addition, we use Amazon Web Services, which provides a scalable, distributed computing and storage infrastructure platform for certain computing and data intensive functions of our solutions, such as analytic reporting, large data set manipulation and redundant storage. Given this, along with the fact that we cannot easily switch our Amazon Web Services operations to another cloud provider, any disruption of or interference with our use of Amazon Web Services would impact our operations and our business could be adversely impacted.

Problems faced by our third-party data center locations, including those operated by salesforce.com, Amazon Web Services or other providers could adversely affect the experience of our customers. The operators of the data centers could decide to close their facilities without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by the operators of the data centers or any of the service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Additionally, if our data centers, Amazon Web Services or other providers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. For example, a rapid expansion of our business could affect the service levels at our data centers or cause such data centers and systems to fail. Any changes in third-party service levels at our data centers, Amazon Web Services or other providers or any disruptions or other performance problems with our solutions could adversely affect our reputation and may damage our customers' stored files or result in lengthy interruptions in our services or potential losses of customer data. Interruptions in our services might reduce our revenues, cause us to issue refunds to customers for prepaid and unused subscriptions, subject us to potential liability or adversely affect our renewal rates.

If we fail to effectively 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, transactions 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 version control, changes in hardware and software parameters and the evolution of our solutions. However, the provision of new hosting infrastructure requires adequate lead-time. We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These types of problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer usage, problems associated with our third-party data center and network providers 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. It is also possible that such problems could result in losses of customer data. If we do not accurately predict our infrastructure requirements, our existing customers may experience delays in the deployment of our solutions or service outages that may subject us to financial penalties, financial liabilities and customer losses. For instance, our customer agreements typically provide service level commitments on a quarterly basis. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our solutions, we may be contractually obligated to provide these customers with service credits or our customers may terminate their agreements. Any extended service outages could adversely affect our reputation, revenues and operating results.

Catastrophic events could disrupt our business and adversely affect our operating results.

Our corporate headquarters are located in Pleasanton, California and our third-party hosted data centers are located in the United States, the European Union and Japan. The west coast of the United States and Japan each contains active earthquake zones. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems and our website for our development, marketing, operational support, hosted services and sales activities. In the event of a major earthquake, hurricane or catastrophic event such as fire, power loss,

telecommunications failure, cyber-attack, war or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our solution development, lengthy interruptions in our services, breaches of data security and loss of critical data, all of which could have an adverse effect on our future operating results.

Because key and substantial portions of our multichannel customer relationship management applications are built on salesforce.com's Salesforce1 Platform, we are dependent upon our agreement with salesforce.com to provide these solutions to our customers.

Our Veeva CRM application and certain portions of the multichannel customer relationship management applications that complement our Veeva CRM application are developed on or utilize the Salesforce1 Platform of salesforce.com, inc., and we rely on our agreement with salesforce.com to continue to use the Salesforce1 Platform as combined with the proprietary aspects of our multichannel customer relationship management applications.

Our agreement with salesforce.com expires on September 1, 2025. However, salesforce.com has the right to terminate the agreement in certain circumstances, including in the event of a material breach of the agreement by us, or that salesforce.com is subjected to third-party intellectual property infringement claims based on our solutions (except to the extent based on the Salesforce1 Platform) or our trademarks and we do not remedy such infringement in accordance with the agreement. Also, if we are acquired by specified companies, salesforce.com may terminate the agreement upon notice of not less than 12 months. If salesforce.com terminates our agreement under these circumstances, our customers will be unable to access Veeva CRM and certain other of our multichannel customer relationship management applications. A termination of the agreement would cause us to incur significant time and expense to acquire rights to, or develop, a replacement customer relationship management platform and we may not be successful in these efforts. Even if we were to successfully acquire or develop a replacement customer relationship management platform, some customers may decide not to adopt the replacement platform and may decide to use a different customer relationship management solution. If we were unsuccessful in acquiring or developing a replacement customer relationship management platform or acquired or developed a replacement customer relationship management platform that our customers do not adopt, our business, operating results and brand may be adversely affected.

Also, if either party elects not to renew the agreement at the end of its September 1, 2025 term or if the agreement is terminated by us as a result of salesforce.com's breach, the agreement provides for a five-year wind-down period in which we would be able to continue providing the Salesforce1 Platform as combined with the proprietary aspects of our solutions to our existing customers but would be limited with respect to the number of additional subscriptions we could sell to our existing customers. After the wind-down period, we would no longer be able to use the Salesforce1 Platform.

Our agreement with salesforce.com provides that we can use the Salesforce1 Platform as combined with our proprietary Veeva CRM application to sell sales automation solutions only to drug makers in the pharmaceutical and biotechnology industries for human and animal treatments, which does not include the medical devices industry or products for non-drug departments of pharmaceutical and biotechnology companies. Sales of the Salesforce1 Platform in combination with our Veeva CRM application to additional industries would require the review and approval of salesforce.com. Our inability to freely sell our Veeva CRM application outside of drug makers in the pharmaceutical and biotechnology industries may adversely impact our growth.

While our agreement with salesforce.com, subject to certain exceptions, provides that salesforce.com will not position, develop, promote, invest in or acquire applications directly competitive to the Veeva CRM application for sales automation that directly target drug makers in the pharmaceutical and biotechnology industry, or the pharma/biotech industry, our remedy for a breach of this commitment by salesforce.com would be to terminate the agreement, or continue the agreement but be released from our minimum order commitments from the date of salesforce.com's breach forward. While our agreement with salesforce.com also restricts salesforce.com from competing with us with respect to sales opportunities for sales automation solutions for the pharma/biotech industry unless such competition has been pre-approved by salesforce.com's senior management based on certain criteria specified in the agreement, and imposes certain limits on salesforce.com from entering into arrangements similar to ours with other parties with respect to sales automation applications for the pharma/biotech industry, it does not restrict a salesforce.com customer's ability (or the ability of salesforce.com on behalf of a specific salesforce.com customer) to customize or configure the Salesforce1 Platform. Some current or potential customers of ours may choose to build custom solutions using the Salesforce1 Platform rather than buying our solutions.

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

In addition to our employment of the Salesforce1 Platform through our agreement with salesforce.com, our solutions incorporate or utilize certain third-party software and software components obtained under licenses from other companies. We anticipate that we will continue to rely on such third-party software and development tools from third parties in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or it may be difficult or costly to replace. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties. In addition, if the third-party software we utilize has errors or otherwise malfunctions, the functionality of our solutions may be negatively impacted and our business may suffer.

Our growth depends in part on the success of our relationships with third parties.

In order to grow our business, we anticipate that we will continue to depend on relationships with third parties, such as deployment partners, and technology and content providers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to our services. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of

our solutions by potential customers. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our solutions or increased revenues.

Increasingly complex data protection and privacy regulations are burdensome, may reduce demand for our solutions, and non-compliance may impose significant liabilities

Our customers can use our solutions to collect, use, process and store personal data or identifying information regarding their employees and the medical professionals with whom our customers have contact, and, potentially, personal data (including potentially sensitive data such as health information) regarding patients maintained by our customers pursuant to clinical, operational or compliance processes. In this capacity, we act as the data processor. We also collect and sell a database, via our OpenData and KOL Data product lines, for which we are the data controller. In many countries, national and local governmental bodies have adopted, are considering adopting, or may adopt laws and regulations regarding the collection, use, processing, storage and disclosure of personal information obtained from individuals, making compliance a complex task.

In the United States, for instance, the U.S. Department of Health and Human Services promulgated patient privacy rules under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, that protect medical records and other personal health information by limiting their use and disclosure, giving individuals the right to access, amend, and seek accounting of their own health information and limiting most use and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purposes. Operating under one of the world's strictest data privacy regimes, Veeva is a registered Data Controller and Data Processor under EU Data Protection Directive 95/46/EC and is in the process of preparing its readiness under the General Data Protection Regulation (GDPR) reform expected to enter into force in 2018. While we were previously self-certified on an annual basis under the now invalid EU-U.S. and Swiss-U.S. Safe Harbor frameworks, we routinely utilize the EU Standard Contractual Clauses, often also referred to as Model Clauses, to ensure that our European customers have adequate assurance of our technical and organization controls on privacy and monitor developments of the EU-U.S. Privacy Shield in order to legally facilitate international data transfers. There is also a trend toward countries enacting data localization requirements which are not particularly compatible with the cloud computing model. For example, Russia's localization law (Federal Law No. 242-FZ) requires that the source of data for Russian nationals collected on Russian territory must be stored in Russia.

Customers expect that our solutions can be used in compliance with such laws and regulations. The functional and operational requirements and costs of compliance with such laws and regulations may adversely impact our business, and failure to enable our solutions to comply with such laws and regulations could lead to significant fines and penalties imposed by regulators, as well as claims by our customers or third parties. Additionally, all of these domestic and international legislative and regulatory initiatives could adversely affect our customers' ability or desire to collect, use, process and store personal or health-related information using our solutions or to license data products from us, which could reduce demand for our solutions.

The software industry changes rapidly as a result of technological and product developments, which may render our solutions less desirable. If we are unable or unsuccessful in enhancing our solutions in response to technological developments, our revenues and operating results could be adversely affected.

The software industry is subject to rapid technological change. The introduction of new technologies in the software industry, including mobile technologies, will continue to have a significant effect on competitive conditions in the life sciences industry. We may not be able to develop and introduce new solutions and enhancements to our existing solutions that respond to technological changes on a timely basis. If we are unable to develop and sell new solutions

that provide utility to our customers and provide enhancements and new features for our existing solutions that keep pace with rapid technological and regulatory change, our revenues and operating results could be adversely affected.

Deferred revenue and change in deferred revenue may not be an accurate indicator of our future financial results.

Our subscription orders are generally billed beginning at the subscription commencement date in annual or quarterly increments. Many of our customers, including many of our large customers, are billed on a quarterly basis and therefore a substantial portion of the value of contracts billed on a quarterly basis will not be reflected in our deferred revenue at the end of any given quarter. Also, because the terms of orders for additional users or solutions are typically co-terminus with the related subscription agreements, the terms of these agreements for additional users or solutions can be for relatively short periods of time and less than one year and payment terms may also be quarterly. Therefore, the annualized value of such orders that we enter into with our customers will not be completely reflected in deferred revenue at any single point in time. We have also agreed from time to time and may agree in the future to allow customers to change the renewal dates of their orders to, for example, align more closely with a customer's annual budget process or to align with the renewal dates of other orders placed by other entities within the same corporate control group. Such changes typically result in an order of less than one year as necessary to align all orders to the desired renewal date and, thus,

may result in a lesser increase to deferred revenue than if the renewal date adjustment had not occurred. Accordingly, we do not believe that change in deferred revenue or calculated billings, a metric commonly cited by financial analysts that is the sum of the change in deferred revenue plus revenue, are accurate indicators of future revenues for any given period of time. However, many companies that provide cloud-based software report changes in deferred revenue or calculated billings as key operating or financial metrics, and it is possible that analysts or investors may view these metric as important. Thus, any changes in our deferred revenue balances or deferred revenue trends could adversely affect the market price of our Class A common stock.

Because we recognize subscription services revenues over the term of the agreements for our subscriptions, a significant downturn in our business may not be reflected immediately in our operating results, which increases the difficulty of evaluating our future financial performance.

We generally recognize revenues ratably over the terms of orders under our subscription agreements, which are typically one year. As a result, a substantial majority of our quarterly subscription services revenues are generated from subscription agreements entered into during prior periods. Consequently, a decline in new subscriptions in any quarter may not affect our results of operations in that quarter, but could reduce our revenues in future quarters. Additionally, the timing of renewals or non-renewals of a subscription agreement during any quarter may only affect our financial performance in future quarters. For example, the non-renewal of a subscription agreement late in a quarter will have minimal impact on revenues for that quarter but will reduce our revenues in future quarters. Accordingly, the effect of significant declines in sales and customer acceptance of our solutions may not be reflected in our short-term results of operations, which would make these reported results less indicative of our future financial results. By contrast, a non-renewal occurring early in a quarter may have a significant negative impact on revenues for that quarter and we may not be able to offset a decline in revenues due to non-renewal with revenues from new subscription agreements entered into in the same quarter. In addition, we may be unable to adjust our costs in response to reduced revenues.

Sales to customers outside the United States or with international operations expose us to risks inherent in international sales.

In our fiscal year ended January 31, 2016, sales to customers outside North America, as measured by the estimated location of the end users for subscription services revenues and the estimated location of the users for which the services were performed for professional services revenues, accounted for approximately 45% of our total revenues. A key element of our growth strategy is to further expand our international operations and worldwide customer base. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those in the United States. We have limited operating experience in some international markets, and we cannot assure you that our expansion efforts into other international markets will be successful. Our experience in the United States and other international markets in which we already have a presence may not be relevant to our ability to expand in other emerging markets. Our international expansion efforts may not be successful in creating further demand for our solutions outside of the United States or in effectively selling our solutions in the international markets we enter. In addition, we face risks in doing business internationally that could adversely affect our business, including:

- the need and expense to localize and adapt our solutions for specific countries, including translation into foreign languages, and ensuring that our solutions enable our customers to comply with local life sciences industry laws and regulations;
- data privacy laws which require that customer data be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations, including employee laws and regulations;
- 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, and anti-bribery laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- our ability to repatriate funds from abroad without adverse tax consequences;

- adverse tax consequences, including the potential for required withholding taxes; and
- unstable regional and economic political conditions.

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

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our products are subject to U.S. export controls, including the U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations or export to countries, governments, and persons targeted by U.S. sanctions. While we take precautions to prevent our products and services from being exported in violation of these laws, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. Violations of U.S. sanctions or export control laws can result in fines or penalties. In the event of criminal knowing and willful violations of these laws, fines and possible incarceration for responsible employees and managers could be imposed.

Currency exchange fluctuations may negatively impact our financial results.

Some of our international agreements provide for payment denominated in local currencies, and the majority of our local costs are denominated in local currencies. As we continue to expand our operations in countries outside the United States, an increasing proportion of our revenues and expenditures in the future may be denominated in foreign currencies. Fluctuations in the value of the U.S. dollar and foreign currencies may impact our operating results when translated into U.S. dollars. Thus, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling, Japanese Yen and Chinese Yuan. Changes in exchange rates may negatively affect our revenues and other operating results as expressed in U.S. dollars in the future. Further, we have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

While we have not engaged in the hedging of our foreign currency transactions to date, we are currently evaluating the costs and benefits of initiating such a program and may, in the future, hedge selected significant transactions or net monetary exposure positions denominated in currencies other than the U.S. dollar.

If we lose the services of our founder and Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy.

Our success depends in a large part upon the continued service of our senior management team. In particular, our founder and Chief Executive Officer, Peter P. Gassner, is critical to our vision, strategic direction, culture, products and technology. We do not maintain key-man insurance for Mr. Gassner or any other member of our senior management team. We do not have employment agreements with members of our senior management team or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of our founder and Chief Executive Officer or one or more other members of our senior management team could have an adverse effect on our business.

Failure to adequately expand our sales and marketing teams and capabilities will impede our growth.

We will need to continue to expand and optimize our sales and marketing infrastructure in order to grow our customer base and our business. We plan to continue to expand our sales and marketing teams, both domestically and

internationally. Identifying and recruiting qualified personnel and training them in the use of our software requires significant time, expense and attention. It can take six to nine months or longer before our sales representatives are fully trained and productive. Our business may be adversely affected if our efforts to expand and train our sales and marketing teams do not generate a corresponding increase in revenues. In particular, if we are unable to hire, develop and retain talented sales or marketing personnel or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenues.

Our business could be adversely affected if our customers are not satisfied with the professional services provided by us or our partners, or with our technical support services.

Our business depends on our ability to satisfy our customers, both with respect to our solutions and the professional services that are performed in connection with the implementation of our solutions. Professional services may be performed by us, by a third party, or by a combination of the two. If a customer is not satisfied with the quality of work performed by us or a third party or with the solutions delivered or professional services rendered, then we could incur additional costs to address the situation, we may be required to issue credits or refunds for pre-paid amounts related to unused services, the profitability of that work might be impaired and the customer's dissatisfaction with our services could damage our ability to expand the number of solutions subscribed to by that customer. Moreover, negative publicity related to our customer relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers.

Once our solutions are deployed, our customers depend on our support 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 technical support services. Increased customer demand for our services, without corresponding revenues, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on the reputation of our solutions and business 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 and operating results.

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

Our success and ability to compete depend in part upon our intellectual property. We have filed applications for a number of patents, but, to date, we have only three issued patents. We currently rely primarily on copyright, trade secret and trademark laws, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. 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. Negative publicity related to a decision by us to initiate such enforcement actions against a customer or former customer, regardless of its accuracy, may adversely impact our other customer relationships or prospective customer relationships, harm our brand and business and could cause the market price of our Class A common stock to decline. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and our business.

We may be sued by third parties for alleged infringement of their proprietary rights.

There is considerable patent and other intellectual property development activity in our industry. Our competitors, as well as a number of other entities and individuals, including so-called non-practicing entities, or NPEs, may own or claim to own intellectual property relating to our solutions. From time to time, third parties may claim that we are infringing upon their intellectual property rights, and we may be found to be infringing upon such rights. For example, from August 2013 to November 2014, we were a defendant in a lawsuit filed by Prolifiq Software, Inc. (Prolifiq) in

which Prolifiq alleged patent infringement and trade secret misappropriation. The Prolifiq lawsuit was settled in November 2014, and involved a payment to Prolifiq by us in exchange for a license to certain asserted patents. We are also currently responding to a letter from an NPE asserting patent infringement. In the future, we expect others to claim that our solutions and underlying technology infringe or violate their intellectual property rights. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted 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.

If we fail to develop widespread brand awareness cost-effectively, our business may suffer.

We believe that developing and maintaining widespread awareness of our brand in a cost-effective manner is critical to achieving widespread acceptance of our solutions, attracting new customers, and generating and maintaining profitability. Brand promotion activities may not generate customer awareness or increase revenues, and even if they do, any increase in revenues may not

offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses, we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts, or to achieve the widespread brand awareness that is critical for broad customer adoption of our solutions.

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

Our solutions include software covered by open source licenses. The terms of various open source licenses have not been interpreted by U.S. 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, re-engineer all or a portion of our solutions, or otherwise be limited in the licensing of our solutions, each of which could reduce or eliminate the value of our solutions 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 adversely affect our business.

Our estimate of the market size for our solutions we have provided publicly may prove to be inaccurate, and even if the market size is accurate, we cannot assure you our business will serve a significant portion of the market.

Our estimate of the market size for our solutions we have provided publicly, sometimes referred to as total addressable market or TAM, is subject to significant uncertainty and is based on assumptions and estimates, including our internal analysis and industry experience, which may not prove to be accurate. These estimates are, in part, based upon the size of the general application areas in which our solutions are targeted. Our ability to serve a significant portion of this estimated market is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. For example, in order to address the entire TAM we have identified, we must continue to enhance and add functionality to our existing solutions and introduce new solutions. Accordingly, even if our estimate of the market size is accurate, we cannot assure you that our business will serve a significant portion of this estimated market for our solutions.

If we are unable to implement and maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be adversely affected.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act) requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on internal controls over financial reporting. The Sarbanes-Oxley Act also requires that our management report on internal controls over financial reporting be attested to by our independent registered public accounting firm.

During our assessment of internal control over financial reporting as of January 31, 2016, we identified a material weakness in the internal controls related to our review of the inputs to the valuation of acquired intangible assets. We are working to remediate the material weakness. For more information about the material weakness and our remediation efforts, see Item 9A. “Controls and Procedures.” Although we plan to complete this remediation process as

quickly as possible, we cannot at this time estimate how long it will take, and our efforts may not be successful in remediating the material weakness. As part of the remediation process, we may incur additional costs in improving our internal control over financial reporting.

Many of the internal controls we have implemented pursuant to the Sarbanes-Oxley Act are process controls with respect to which a material weakness may be found whether or not any error has been identified in our reported financial statements. This may be confusing to investors and result in damage to our reputation, which may harm our business. Additionally, the proper design and assessment of internal controls over financial reporting are subject to varying interpretations, and, as a result, application in practice may evolve over time as new guidance is provided by regulatory and governing bodies and as common practices evolve. This could result in continuing uncertainty regarding the proper design and assessment of internal controls over financial reporting and higher costs necessitated by ongoing revisions to internal controls.

We must continue to monitor and assess our internal control over financial reporting. If we are unable to successfully remediate the material weakness previously identified and we undertake another future material acquisition, we may not detect errors on a timely

basis and our financial statements may be materially misstated. If in the future we have additional material weaknesses, we may not detect errors on a timely basis and our financial statements may be materially misstated. If we are unable to successfully remediate the material weakness previously identified or if in the future we identify additional material weaknesses in our internal controls over financial reporting, are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, are unable to assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the Securities and Exchange Commission (SEC), or other regulatory authorities, which could require additional financial and management resources.

We have incurred and 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 have incurred and will continue to 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 Wall Street Reform and Consumer Protection 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 has made some activities more time consuming and costly. Our management and other personnel have little experience managing a public company and preparing public filings. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our management and other personnel may need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we are incurring and expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, including remediating the material weakness described in Item 9A. “Controls and Procedures.” Although we have hired additional employees to comply with these requirements, we may need to hire more accounting, legal and financial staff in the future with appropriate public company experience and technical accounting knowledge to meet these requirements. We cannot accurately predict or estimate the amount or timing of additional costs we may incur as a result of becoming a public company. Further, 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 practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Additional compensation costs and potential future equity awards may be required to properly compensate our executives and directors as a result of the personal liability that goes with public company status. Any such costs or awards will increase our compensation expenses, which would increase our general and administrative expense and could adversely affect our profitability. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance on reasonable terms. 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.

Our international operations subject us to potentially adverse tax consequences.

We report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. These jurisdictions include Australia, Brazil, Canada, China, France, Germany, Hungary, India, Israel, Italy, Japan, Korea, Singapore, Spain, Switzerland, Thailand, Ukraine and the United Kingdom. The international nature and organization of our business activities are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations. We believe that our financial statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

We do not collect sales and use, value added and similar taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable or that we are not required to collect such taxes with respect to the jurisdiction. Sales and use, value added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest or future requirements may adversely affect our results of operations. We believe that our financial statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard.

Unanticipated changes in our effective tax rate could harm our future results.

We are subject to income taxes in the United States and various foreign jurisdictions, and our domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions. Forecasting our estimated annual effective tax rate is complex and subject to uncertainty, and there may be material differences between our forecasted and actual tax rates. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses as a result of acquisitions, the valuation of deferred tax assets and liabilities, adjustments to income taxes upon finalization of tax returns, changes in available tax credits, decision to repatriate non-U.S. earnings for which we have not previously provided for U.S. taxes, and changes in federal, state or international tax laws and accounting principles. In addition, because substantially all of our intellectual property resides in the United States and is licensed through our parent U.S. entity, our effective tax rate may be higher than other companies that maintain and license intellectual property from outside the United States. Increases in our effective tax rate would reduce our profitability or in some cases increase our losses.

In addition, we may be subject to income tax audits by many tax jurisdictions throughout the world. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material impact on the results of operations for that period.

If the market for cloud-based solutions develops more slowly than we expect or declines, our revenues could decrease and our business could be adversely affected.

The market for cloud-based solutions is not as mature as the market for on-premise enterprise software in the life sciences industry, and it is uncertain whether cloud-based solutions will achieve and sustain high levels of customer demand and market acceptance in the life sciences industry. Our success will depend to a substantial extent on the widespread adoption of cloud-based solutions in the life sciences industry, and of Veeva CRM and the multichannel customer relationship management applications that complement Veeva CRM, Veeva Vault and Veeva Network in particular. Many enterprises, and in particular in the life sciences industry, have invested substantial personnel and financial resources to integrate traditional enterprise software into their businesses, and therefore may be reluctant or unwilling to migrate to cloud-based solutions. It is difficult to predict customer adoption rates and demand for our solutions, the future growth rate and size of the cloud computing market or the entry of competitive solutions. The expansion of cloud-based solutions, particularly in the life sciences industry, depends on a number of factors, including the cost, performance and perceived value associated with cloud-based solutions, as well as the ability of providers of cloud-based solutions to address security, privacy and unique regulatory requirements or concerns. If we or other cloud-based solution providers experience security incidents, loss of customer data, disruptions in delivery or

other problems, the market for cloud-based solutions in the life sciences industry, including our solutions, may be adversely affected. If cloud-based solutions do not achieve widespread adoption in the life sciences industry, or there is a reduction in demand for cloud-based solutions caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, our revenues could decrease and our business could be adversely affected.

Risks Related to Ownership of Our Class A Common Stock

Our Class A common stock price has been and will likely continue to be volatile.

The trading price of our Class A common stock has been and will likely continue to be volatile for the foreseeable future. Since shares of our Class A common stock were sold in our initial public offering in October 2013 at a price of $20.00 per share, our stock price has ranged from $17.11 to $49.00 through March 18, 2016. In addition, the trading prices of the securities of technology companies in general have been highly volatile. Accordingly, the market price of our Class A common stock is likely to be subject to wide fluctuations in response to numerous factors, many of which are beyond our control, such as those in this "Risk Factors" section and others including:

- fluctuations in the valuation of companies perceived by investors to be comparable to us or in valuation metrics, such as our price to revenues ratio or price to earnings ratio;
- overall performance of the equity markets;
- variations in our operating results, including revenues, earnings per share, cash flows from operating activities and other financial metrics and non-financial metrics, and how those results compare to analyst expectations, including whether those results fail to meet, exceed or significantly exceed analyst expectations;
- forward-looking statements related to our projections of future operating results, including the guidance we give in our regular earnings releases, changes in our projections of our future operating results or our failure to meet, exceed or significantly exceed these projections;
- the net increases in the number of customers, either independently or as compared with published expectations of industry, financial or other analysts that cover us;
- changes in our other financial, operational or other metrics, regardless of whether we regard those as metrics that reflect the current state of or longer-term prospects of our business;
- changes in the estimates of our operating results or changes in recommendations by securities analysts that elect to follow our Class A common stock;
- announcements of technological innovations, new solutions or enhancements to services, strategic alliances or significant agreements by us or by our competitors;
- announcements by us or by our competitors of mergers or other strategic acquisitions or rumors of such transactions involving us or our competitors;
- announcements of customer additions and customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel;
- disruptions in our solutions due to computer hardware, software or network problems, security breaches or other man-made or natural disasters;
- the economy as a whole, market conditions in our industry and the industries of our customers;
- trading activity by a limited number of stockholders who together beneficially own a majority of our outstanding Class A common stock;
- the operating performance and market value of other similar companies;
- changes in legislation relating to our existing or future solutions;
- litigation or other claims against us;
- the size of our market float; and
- any other factors discussed herein.

In addition, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the market price of our Class A common stock could decline for reasons unrelated to our business, operating results or financial condition. The market price of our Class A common stock might also decline in reaction to events that affect other companies within, or outside, our industry even if these events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been the subject of securities class action litigation. If we are the subject of such litigation, it could result in substantial costs and a diversion of our management's attention and resources.

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The dual class structure of our common stock has the effect of concentrating voting control with our executive officers (including our Chief Executive Officer) and directors and their affiliates; this will limit or preclude the ability of our investors to influence corporate matters.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of January 31, 2016, stockholders who hold shares of Class B common stock, including our executive officers and directors and their affiliates, together hold approximately 84.1% of the voting power of our outstanding capital stock. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively control a substantial majority of the combined voting power of our common stock and, assuming no material sales of such shares, will be able to control all matters submitted to our stockholders for approval until October 15, 2023, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction. This concentrated control will limit or preclude our investors' ability to influence corporate matters for the foreseeable future. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock or may adversely affect the market price of our Class A common stock.

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 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, our executive officers (including our Chief Executive Officer), employees, directors and their affiliates retain a significant portion of their holdings of Class B common stock for an extended period of time, they could, in the future, continue to control a majority of the combined voting power of our Class A common stock and Class B common stock.

We have broad discretion in the use of our cash balances and may not use them effectively.

We have broad discretion in the use of our cash balances and may not use them effectively. The failure by our management to apply these funds effectively could adversely affect our business and financial condition. Pending their use, we may invest the net proceeds from any future securities offerings in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may negatively impact the price of our Class A common stock.

We do not intend to pay dividends on our capital stock for the foreseeable future, so any returns will be limited to changes in the value of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our ability to pay cash dividends on our capital stock may be prohibited or limited by the terms of any future debt financing arrangement. Any return to stockholders will therefore be limited to the increase, if any, of the price of our Class A common stock.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause the stock price of our Class A common stock to decline.

In the future, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. We expect to issue securities to employees and directors pursuant to our equity incentive plans. If we sell common stock, convertible securities or other equity securities in

subsequent transactions, or common stock is issued pursuant to equity incentive plans, our investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our common stock, including our Class A common.

Sales of a substantial number of shares of our common stock in the public market, or the perception that they might occur, could cause the price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline or make it more difficult for you to sell your common stock at a time and price that you deem appropriate and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, or the perception that our shares may be available for sale, will have on the prevailing market price of our Class A common stock.

In addition, as of January 31, 2016, we had options outstanding that, if fully exercised, would result in the issuance of additional shares of Class A and Class B common stock. Our Class B common stock converts into Class A common stock on a one-for-one basis. As of January 31, 2016, we had restricted stock units outstanding which may vest in the future and result in the issuance of additional shares of Class A common stock. Our unexercised stock options and unvested restricted stock units, as of January 31, 2016, are described in note 11 of the notes to our condensed consolidated financial statements. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options) or upon the vesting of restricted stock units have been registered for public resale under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

Certain holders of our Class A and Class B common stock have rights, subject to certain conditions, to require us to file registration statements for the public resale of such shares (in the case of Class B common stock, the Class A common stock issuable upon conversion of such shares) or to include such shares in registration statements that we may file for us or other stockholders. Any sales of securities by these stockholders could have a material adverse effect on the market price of our Class A common stock.

If securities or industry analysts do not continue to publish research or if they publish inaccurate or unfavorable research about our business, 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 industry analysts cease coverage of us or additional industry analysts do not initiate coverage of us, the trading price for our Class A common stock may be adversely affected. In addition, the stock prices of many companies in the high technology industry have declined significantly after those companies have failed to meet, or often times significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet (or possibly significantly exceed) our announced guidance or the expectations of analysts or public investors, analysts could downgrade our common stock or publish unfavorable research about us. 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, our Class A common stock price 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.

Provisions in our restated certificate of incorporation and amended and restated bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our Class A common stock.

Our restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the market price of our Class A common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- provide for a dual class common stock structure, which gives our Chief Executive Officer, directors, executive officers, greater than 5% stockholders and their respective affiliates the ability to control the outcome of all matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;
- permit the board of directors to establish the number of directors;
- provide that directors may only be removed “for cause” and only with the approval of 66 2/3% of our stockholders;

- require super-majority voting to amend some provisions in our restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter or repeal our amended and restated bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage these types of lawsuits. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS
None.

ITEM 2. PROPERTIES
We own our Pleasanton, California corporate headquarters, which currently accommodates our principal executive, development, engineering, marketing, business development, employee success, finance, legal, information technology and administrative activities. We expect that our corporate headquarters will support the overall growth of our business for the next few years.

We also lease offices in San Francisco and San Carlos, California; Princeton, New Jersey; New York, New York; Hilliard, Ohio; Fort Washington and Radnor, Pennsylvania; Australia; Brazil; Canada; China; France; Germany; Hungary; Japan; Korea; Singapore; Spain; Thailand and the United Kingdom. We expect to expand our facilities capacity in certain field locations during our fiscal year ending January 31, 2017. We may further expand our facilities capacity after January 31, 2017 as our employee base grows. We believe that we will be able to obtain additional space on commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS
Criterion Capital Section 16(b) Matter Seeking Disgorgement Short-swing Profits on Behalf of Veeva.

On June 24, 2015, a purported stockholder filed a complaint pursuant to Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act") in the U.S. District Court for the Southern District of New York against Criterion Capital Management, LLC, Criterion Capital Partners Master Fund, L.P., Criterion Capital Partners Master Fund GP, Ltd., Criterion Horizons Master Fund, L.P., Criterion Horizons Master Fund GP, Ltd., Criterion Vista Master Fund GP, L.P., Christopher H. Lord, David Riley, Tomoko Fortune (the "Criterion Defendants"), and Veeva Systems Inc. as nominal defendant (Greenfield v. Criterion Capital Mgmt., LLC et al. (15-CV-4937)). Thereafter, on August 3, 2015, the case was transferred to the U.S. District Court for the Northern District of California (15-CV-3583).

The action is purportedly brought on behalf of us and alleges that between March and December 2014 and in 2015, the Criterion Defendants purchased and sold our securities which resulted in illicit profits that are allegedly subject to disgorgement under the short-swing trading proscriptions in Section 16(b) of the Exchange Act. Due to the alleged failure by the Criterion Defendants to comply with their reporting obligations under the Exchange Act, the complaint does not specify the precise amount of alleged trades subject to disgorgement, other than estimating that the amount of profits in 2014 subject to disgorgement is in the "millions," and the amount of profits in 2015 "total at least $500,000." The complaint seeks disgorgement of any and all short-swing profits on behalf of us, plus attorneys' fees and expenses. The complaint does not seek damages of any kind from us.

On November 19, 2015, the Criterion Defendants moved to dismiss the complaint. A hearing on the Criterion Defendants' motion to dismiss is currently scheduled for May 18, 2016. We did not join the Criterion Defendants in filing a motion to dismiss, and, pursuant to Court order, are not required to answer the complaint until after the Court has ruled on the Criterion Defendants' motion to dismiss.

We have engaged counsel to conduct our own investigation into whether the claims against the Criterion Defendants have merit. Our investigation is currently underway.

From time to time, we may be involved in other legal proceedings and subject to claims incident to the ordinary course of business. Although the results of such legal proceedings and claims cannot be predicted with certainty, we believe we are not currently a party to any legal proceedings, the outcome of which, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Regardless of the outcome, such proceedings can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

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

Market Price of Class A Common Stock

Our Class A common stock has been listed on the New York Stock Exchange under the symbol "VEEV" since October 16, 2013, the date of our initial public offering (IPO). Prior to that date, there was no public trading market for our Class A common stock.

The following table sets forth for the indicated periods the high and low closing sales prices of our Class A common stock as reported by the New York Stock Exchange.

	High	Low
Fiscal year ended January 31, 2016		
First quarter	$32.69	$24.26
Second quarter	$29.00	$26.31
Third quarter	$26.53	$22.83
Fourth quarter	$28.99	$23.06
Fiscal year ended January 31, 2015		
First quarter	$37.80	$18.70
Second quarter	$26.21	$17.87
Third quarter	$31.56	$21.92
Fourth quarter	$32.85	$26.14

There is no public trading market for our Class B common stock.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

Stockholders

As of January 31, 2016, we had 17 holders of record of our Class A common stock and 122 holders of record of our Class B common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Recent Sales of Unregistered Securities

None.

Stock Performance Graph

This performance graph shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act except to the extent we specifically incorporate it by reference into such filing.

This chart compares the cumulative total return on our common stock with that of the S&P 500 Index and the S&P 1500 Application Software Index. The chart assumes $100 was invested at the close of market on October 16, 2013, which was our initial trading day, in the Class A common stock of Veeva Systems Inc., the S&P 500 Index and the S&P 1500 Application Software Index, and assumes the reinvestment of any dividends. Our offering price of our Class A common stock in our IPO, which had a closing stock price of $37.16 on October 16, 2013, was $20.00 per share. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

	10/16/2013	10/31/2013	1/31/2014	4/30/2014	7/31/2014	10/31/2014	1/31/2015	4/30/2015	7/31/2015	10/31/2015	1/31/2016
Veeva Systems Inc.	100.00	104.71	85.55	51.70	64.05	80.14	77.40	71.45	72.44	68.27	64.85
S&P 500	100.00	104.60	106.69	113.34	116.77	122.66	121.87	128.05	129.85	129.04	121.06
S&P 1500 Application Software Index	100.00	100.78	109.11	104.99	112.51	121.10	118.18	134.51	140.06	146.45	134.38

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this Form 10-K. The consolidated statement of income data for our fiscal years ended January 31, 2016, 2015 and 2014, and the selected consolidated balance sheet data as of January 31, 2016 and 2015 are derived from, and are qualified by reference to, the audited consolidated financial statements and are included in this Form 10-K. The consolidated statement of income data for fiscal 2013 and 2012 and the consolidated balance sheet data as of January 31, 2014, 2013 and 2012 are derived from audited consolidated financial statements which, are not included in this Form 10-K.

	Fiscal Year Ended January 31,				
	2016	2015	2014	2013	2012
Consolidated Statements of Income Data:	(in thousands, except share data)				
Revenues:					
Subscription services	$316,314	$233,063	$146,621	$73,280	$32,613
Professional services and other	92,907	80,159	63,530	56,268	28,649
Total revenues	409,221	313,222	210,151	129,548	61,262
Cost of revenues[(1)]:					
Cost of subscription services	71,180	55,005	36,199	18,852	8,768
Cost of professional services and other	71,034	60,653	46,403	38,164	20,288
Total cost of revenues	142,214	115,658	82,602	57,016	29,056
Gross profit	267,007	197,564	127,549	72,532	32,206
Operating expenses[(1)]:					
Research and development	65,976	41,156	26,327	14,638	7,750
Sales and marketing	80,984	56,203	41,507	19,490	12,279
General and administrative	41,458	30,239	20,411	8,371	5,539
Total operating expenses	188,418	127,598	88,245	42,499	25,568
Operating income	78,589	69,966	39,304	30,033	6,638
Other income (expense), net	28	(2,780)	(804)	(940)	15
Income before income taxes	78,617	67,186	38,500	29,093	6,653
Provision for income taxes	24,157	26,803	14,885	10,310	2,423
Net income	$54,460	$40,383	$23,615	$18,783	$4,230
Net income attributable to Class A and Class B common stockholders, basic and diluted	$54,413	$40,138	$10,405	$3,480	$599
Net income per share attributable to Class A and Class B common stockholders:					
Basic	$0.41	$0.31	$0.20	$0.17	$0.03
Diluted	$0.38	$0.28	$0.15	$0.11	$0.02
Weighted-average shares used to compute earnings per share attributable to Class A and Class B common stockholders:					
Basic	132,020	127,713	51,725	20,887	17,655

Diluted	144,977	144,204	68,024	30,599	24,776

(1) Includes stock-based compensation as follows:

Cost of revenues:					
Cost of subscription services	$563	$273	$118	$3	$1
Cost of professional services and other	3,858	2,272	902	120	63
Research and development	7,249	3,844	1,700	238	106
Sales and marketing	6,861	3,221	1,788	140	99
General and administrative	5,727	4,715	2,442	214	165
Total stock-based compensation	$24,258	$14,325	$6,950	$715	$434

	As of January 31,				
	2016	2015	2014	2013	2012
Consolidated Balance Sheet Data:	(in thousands)				
Cash and cash equivalents	$132,179	$129,253	$262,507	$31,890	$16,880
Short-term investments	214,024	268,620	25,625	14,276	—
Working capital	314,685	366,314	267,115	32,601	13,456
Deferred revenue	157,419	112,960	67,380	38,785	17,925
Total assets	705,799	544,890	370,308	89,820	41,414
Convertible preferred stock	—	—	—	6,933	6,933
Additional paid-in capital	361,691	317,881	231,534	2,101	1,026
Total stockholders' equity	505,249	406,833	280,096	33,966	14,103

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our "Selected Consolidated Financial Data" and our consolidated financial statements and notes thereto appearing elsewhere in this annual report on Form 10-K. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this annual report on Form 10-K, including those set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

Veeva is a leading provider of industry cloud software and data solutions for the global life sciences industry. We were founded in 2007 on the premise that industry-specific cloud solutions could best address the operating challenges and regulatory requirements of the life sciences industry. Our products are designed to meet the unique needs of life sciences companies, regardless of size. Targeted to address our customers' most strategic business functions—from research and development to commercialization—our solutions are designed to help the industry bring products to market faster and more efficiently, market and sell more effectively and maintain compliance with government regulations.

Veeva CRM was our first commercially available solution and has made up the vast majority of our revenue historically. In our fiscal year ended January 31, 2016, we derived approximately 79% of our subscription services revenues and 74% of our total revenues from our core sales automation solution, Veeva CRM, and our newer multichannel customer relationship management applications that complement Veeva CRM. The contribution of subscription services revenues and total revenues associated with Veeva Vault, Veeva Network Customer Master and Veeva's data offerings is expected to increase as a percentage of subscription services revenues and total revenue going forward. However, we have less experience selling Veeva Vault, Veeva Network Customer Master, Veeva's data offerings and our newer multichannel customer relationship management applications that complement Veeva CRM. Although the Veeva Vault solution, in particular, has begun to achieve market acceptance, to the extent that these more recently introduced solutions do not continue to achieve significant market acceptance, our business and results of operations may be adversely affected.

Additionally, on September 29, 2015, we completed our acquisition of the companies referred to as "Zinc Ahead," which is a provider of commercial content management solutions, in an all-cash transaction. The acquired Zinc Ahead business was our largest acquisition to date. We plan to incorporate functionality from the Zinc Ahead products into our Veeva Vault PromoMats application and to migrate the Zinc Ahead customers to the Vault PromoMats application over time. Because we are currently integrating the Zinc Ahead business, we view that legacy business as a component of our broader commercial content management business. We do not currently plan to separately break out results from the legacy Zinc Ahead business for any periods after our fiscal year ended January 31, 2016. While we expect this acquisition to support the continued growth of our commercial content management solutions, we may encounter difficulties integrating the Zinc Ahead business and we may not retain existing Zinc Ahead customers and key Zinc Ahead employees to the extent we expect, which could adversely affect our business.

For our fiscal years ended January 31, 2016, 2015 and 2014, our total revenues were $409.2 million, $313.2 million and $210.2 million, respectively, representing year-over-year growth in total revenues of 31% and 49% for our two most recent fiscal years. For our fiscal years ended January 31, 2016, 2015 and 2014, our subscription services revenues were $316.3 million, $233.1 million and $146.6 million, respectively, representing year-over-year growth in subscription services revenues of 36% and 59% for our two most recent fiscal years. We expect the growth rate of our total revenues and subscription services revenues to slightly decline in future periods. We generated net income of $54.5 million, $40.4 million and $23.6 million for our fiscal years ended January 31, 2016, 2015 and 2014,

respectively. As of January 31, 2016, 2015 and 2014, we served 400, 276 and 198 customers, respectively. With respect to our major product lines, our customer totals for each product line as of January 31, 2016, were 212 for Veeva CRM, 219 for Veeva Vault, 35 for Veeva Network Customer Master, and 62 for Veeva OpenData data and data services. A single customer may be counted in more than one product line if the customer has purchased multiple major product lines. Many of our Veeva Vault applications are used by smaller, earlier stage pre-commercial companies. Thus, the potential number of Veeva Vault customers is significantly higher than the potential number of customers that use our commercial solutions.

For a further description of our business and products, see “Business” above.

Key Factors Affecting Our Performance

Investment in Growth. We have invested and intend to continue to invest aggressively in expanding the breadth and depth of our Industry Cloud for life sciences. We expect to continue to invest in research and development to expand existing and build new solutions, sales and marketing to promote our solutions to new and existing customers and in existing and expanded geographies, professional services to ensure the success of our customers' implementations of our solutions, and other operational and administrative functions to support our expected growth. We anticipate that our headcount will increase as a result of these investments. We expect our total operating expenses will continue to increase over time, and, in some cases, have short-term negative impacts on our operating margin.

Adoption of Our Solutions by Existing and New Customers. Most of our customers initially deploy our solutions to a limited number of users within a division or geography and may only initially deploy a limited set of our available solutions. Our future growth is dependent upon our existing customers' continued success and renewals of subscriptions to our solutions, expanded deployment of our solutions within their organizations, and the purchase of subscriptions to additional solutions. Our growth is also dependent on the adoption of our solutions by new customers.

Subscription Services Revenue Retention Rate. A key factor to our success is the renewal and expansion of our existing subscription agreements with our customers. We calculate our annual subscription services revenue retention rate for a particular fiscal year by dividing (i) annualized subscription revenue as of the last day of that fiscal year from those customers that were also customers as of the last day of the prior fiscal year by (ii) the annualized subscription revenue from all customers as of the last day of the prior fiscal year. Annualized subscription revenue is calculated by multiplying the daily subscription revenue recognized on the last day of the fiscal year by 365. This calculation includes the impact on our revenues from customer non-renewals, expanded deployment of our solutions within their organizations, deployments of additional solutions or discontinued use of solutions by our customers, and price changes for our solutions. Historically, the impact of price changes on our subscription services revenue retention rate has been minimal. For our fiscal years ended January 31, 2016, 2015 and 2014, our subscription services revenue retention rate was 125%, 138% and 166%, respectively.

Mix of Subscription and Professional Services Revenues. We believe our investments in professional services have driven customer success and facilitated the further adoption of our solutions by our customers. During the initial period of deployment by a customer, we generally provide a greater amount of configuration, implementation and training than later in the deployment. At the same time, many of our customers have historically purchased subscriptions for only a limited set of their total potential users or less than full adoption during their initial deployments. As a result of these factors, the proportion of total revenues for a customer associated with professional services is relatively high during the initial deployment period. Over time, as the need for professional services associated with user deployments decreases and the number of users often increases, we have observed and continue to expect the mix of total revenues to shift more toward subscription services revenues. As a result, we expect the proportion of our total revenues from subscription services to increase over time.

Components of Results of Operations

Revenues

We derive our revenues primarily from subscription services fees and professional services fees. Subscription services revenues consist of fees from customers accessing our cloud-based software solutions and subscription or license fees for our data solutions. Additionally, Zinc Ahead had entered into a limited number of perpetual license agreements prior to the acquisition that had accompanying maintenance and hosting fees. We have included such maintenance and hosting fees in our subscription services revenues. Professional services revenues consist primarily of fees from implementation services, configuration, data services, training and managed services related to our solutions. For our fiscal year ended January 31, 2016, subscription services revenues constituted 77% of total revenues and professional services and other revenues constituted 23% of total revenues.

We enter into master subscription agreements with our customers and count each distinct master subscription agreement that has not terminated or expired as a distinct customer for purposes of determining our total number of current customers. We generally enter into a single master subscription agreement with each customer, although in some instances, affiliated legal entities within the same corporate family may enter into a separate master subscription agreement. Divisions, subsidiaries and operating units of our customers often place distinct orders for our subscription services under the same master subscription agreement, and we do not count such distinct orders as new customers for purposes of determining our total customer count. With respect to data services customers that have not purchased one of our software solutions, we count as a distinct customer the party to each agreement that has a known and recurring payment obligation. For purposes of determining our total customer count, we count each entity that uses a legacy Zinc Ahead product as a distinct customer if such entity is not otherwise a customer of ours.

New subscription orders typically have a one-year term and automatically renew unless notice of cancellation is provided in advance. If a customer adds users or solutions to an existing order, such additional orders will generally be coterminous with the initial order, and as a result, orders for additional users or solutions will commonly have an initial term of less than one year. Subscription orders are generally billed just prior to the subscription commencement date in annual or quarterly increments. Because the term of orders for additional users or solutions is commonly less than one year and payment terms may be quarterly, the annualized value of the orders we enter into with our customers will not be completely reflected in deferred revenue at any single point in time. We have also agreed from time to time and may agree in the future to allow customers to change the renewal dates of their orders to, for example, align more closely with a customer's annual budget process or to align with the renewal dates of other orders placed by other entities within the same corporate control group, or to change payment terms from annual to quarterly, or vice versa. Such changes may result in a lesser increase to deferred revenue than if the adjustment had not occurred. Accordingly, we do not believe that change in deferred revenue or calculated billings, a metric commonly cited by financial analysts that is the sum of the change in deferred revenue plus revenue, are accurate indicators of future revenues for any given period of time.

Subscription services revenues are recognized ratably over the order term beginning when the solution has been provisioned to the customer. Our subscription services agreements are generally non-cancelable during the term, although customers typically have the right to terminate their agreements for cause in the event of material breach. Subscription services revenues are affected primarily by the number of customers, the number of users (or other subscription usage metric) at each customer that uses our solutions and the number of solutions subscribed to by each customer.

We utilize our own professional services personnel and, in certain cases, third-party subcontractors to perform our professional services engagements with customers. Our professional services engagements are primarily billed on a time and materials basis and revenues are typically recognized as the services are rendered. Certain professional services revenues are based on fixed fee arrangements and revenues are recognized based on the proportional performance method. In some cases, the terms of our time and materials and fixed fee arrangements may require that we defer the recognition of revenue until contractual conditions are met. In those circumstances, revenue recognition may be sporadic, based upon the achievement of such contractual conditions. Professional services revenues are affected primarily by our customers' demands for implementation services, configuration, data services, training and managed services in connection with our solutions.

With respect to our recently acquired Zinc Ahead business, we have not established stand-alone value for professional services and, therefore, we account for multiple element arrangements as a combined unit of accounting. As a result, professional services revenues for our Zinc Ahead business, when delivered as part of a multiple-element arrangement, are generally recognized ratably over the term of the associated subscription services.

Cost of Revenues

Cost of subscription services revenues for all of our solutions consists of expenses related to third-party data centers, personnel related costs associated with hosting our subscription services and providing support, including our data stewards, operating lease expense associated with computer equipment and software and allocated overhead, amortization expense associated with capitalized internal-use software related to our subscription services and amortization expense associated with purchased intangibles related to our subscription services. Cost of subscription services revenues for Veeva CRM and certain of our multichannel customer relationship management applications also include fees paid to salesforce.com, inc. for our use of the Salesforce1 Platform and the associated hosting infrastructure and data center operations that are provided by salesforce.com. We intend to continue to invest additional resources in our subscription services to enhance our product offerings and increase our delivery capacity. For example, we may add or expand third-party data center capacity in the future and continue to make investments in the availability and security of our solutions. The timing of when we incur these additional expenses will affect our cost of revenues in absolute dollars in the affected periods.

Cost of professional services and other revenues consists primarily of employee-related expenses associated with providing these services, including salaries, benefits and stock-based compensation expense, the cost of third-party subcontractors, travel costs and allocated overhead. The cost of providing professional services is significantly higher as a percentage of the related revenues than for our subscription services due to the direct labor costs and costs of third-party subcontractors.

Operating Expenses

We accumulate certain costs such as office rent, utilities and other facilities costs and allocate them across the various departments based on headcount. We refer to these costs as “allocated overhead.”

Research and Development. Research and development expenses consist primarily of employee-related expenses, third-party consulting fees and allocated overhead, offset by any internal-use software development costs capitalized during the same period. We continue to focus our research and development efforts on adding new features and applications, increasing the functionality and enhancing the ease of use of our cloud-based applications.

Sales and Marketing. Sales and marketing expenses consist primarily of employee-related expenses, sales commissions, marketing program costs, amortization expense associated with purchased intangibles related to our customer contracts, customer relationships and brand, travel-related expenses and allocated overhead. Sales commissions and other program spend costs are expensed as incurred. Consequently, the recognition of this expense on our income statement generally precedes the recognition of the related revenue.

General and Administrative. General and administrative expenses consist of employee-related expenses for our executive, finance and accounting, legal, employee success, management information systems personnel and other administrative employees. In addition, general and administrative expenses include third-party professional services costs, including legal costs and professional fees, acquisition-related transaction costs, other corporate expenses and allocated overhead.

Other Income (Expense), Net

Other income (expense), net consists primarily of transaction gains or losses on foreign currency, net of interest income and amortization of investments.

Provision for Income Taxes

Provision for income taxes consists of federal and state income taxes in the United States and income taxes in certain foreign jurisdictions. See note 10 of the notes to our consolidated financial statements.

Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenues for each of the periods indicated:

	Fiscal Year Ended January 31,		
	2016	2015	2014
	(in thousands)		
Consolidated Statements of Income Data:			
Revenues:			
Subscription services	$316,314	$233,063	$146,621
Professional services and other	92,907	80,159	63,530
Total revenues	409,221	313,222	210,151
Cost of revenues[1]:			
Cost of subscription services	71,180	55,005	36,199
Cost of professional services and other	71,034	60,653	46,403
Total cost of revenues	142,214	115,658	82,602
Gross profit	267,007	197,564	127,549
Operating expenses[1]:			
Research and development	65,976	41,156	26,327
Sales and marketing	80,984	56,203	41,507
General and administrative	41,458	30,239	20,411
Total operating expenses	188,418	127,598	88,245
Operating income	78,589	69,966	39,304
Other income (expense), net	28	(2,780)	(804)
Income before income taxes	78,617	67,186	38,500
Provision for income taxes	24,157	26,803	14,885
Net income	$54,460	$40,383	$23,615

(1) Includes stock-based compensation as follows:

Cost of revenues:			
Cost of subscription services	$563	$273	$118
Cost of professional services and other	3,858	2,272	902
Research and development	7,249	3,844	1,700
Sales and marketing	6,861	3,221	1,788
General and administrative	5,727	4,715	2,442
Total stock-based compensation	$24,258	$14,325	$6,950

	Fiscal Year Ended January 31,		
	2016	2015	2014
Consolidated Statements of Income Data:			
Revenues:			
Subscription services	77.3 %	74.4 %	69.8 %
Professional services and other	22.7	25.6	30.2
Total revenues	100.0	100.0	100.0
Cost of revenues:			
Cost of subscription services	17.4	17.6	17.2
Cost of professional services and other	17.4	19.4	22.1
Total cost of revenues	34.8	37.0	39.3
Gross profit	65.2	63.0	60.7
Operating expenses:			
Research and development	16.1	13.1	12.5
Sales and marketing	19.8	17.9	19.8
General and administrative	10.1	9.6	9.7
Total operating expenses	46.0	40.6	42.0
Operating income	19.2	22.4	18.7
Other income (expense), net	—	(0.9)	(0.4)
Income before income taxes	19.2	21.5	18.3
Provision for income taxes	5.9	8.6	7.1
Net income	13.3 %	12.9 %	11.2 %

Revenues

	Fiscal Year Ended January 31,			2016 to 2015 % Change	2015 to 2014 % Change
	2016	2015	2014		
	(dollars in thousands)				
Revenues:					
Subscription services	$316,314	$233,063	$146,621	36 %	59 %
Professional services and other	92,907	80,159	63,530	16	26
Total revenues	$409,221	$313,222	$210,151	31	49
Percentage of revenues:					
Subscription services	77 %	74 %	70 %		
Professional services and other	23	26	30		
Total revenues	100 %	100 %	100 %		

Fiscal 2016 compared to Fiscal 2015.

Total revenues increased $96.0 million, of which $83.3 million was from subscription services revenues. Excluding the impact of the acquired Zinc Ahead business, 36% of the increase in subscription services revenues was attributable to orders from existing customers that were placed on or prior to January 31, 2015 and the renewal of such orders through January 31, 2016. Sixty-four percent of the increase in subscription services revenues was attributable to new orders placed after January 31, 2015 to deploy our solutions to additional users within our existing customer base and to new users at new customers. New orders from existing customers consisted of expanded use of our solutions within

a given customer and the addition of solutions not previously utilized by a given customer. The acquired Zinc Ahead business contributed $6.0 million in subscription services revenue from September 29, 2015, the date of acquisition, through January 31, 2016. The geographic mix of subscription services revenues, as measured by the estimated location of the end users for subscription services, were 53% from North America, 28% from Europe and other and 19% from Asia in fiscal 2016 as compared to subscription services revenues of 54% from North America, 26% from Europe and other and 20% from Asia in fiscal 2015.

Professional services and other revenues increased $12.7 million. The increase in professional services revenues was due primarily to new customers requesting implementation and deployment related professional services and existing customers requesting

professional services related to expanding deployments or the deployment of newly purchased solutions. The acquired Zinc Ahead business contributed $0.7 million in professional services and other revenue from September 29, 2015, the date of acquisition, through January 31, 2016. Professional services revenues from North America, as measured by the estimated location of the user for which the services were performed, made up 62% of professional services revenues in fiscal 2016 and 59% of professional services revenues in fiscal 2015. This shift in geographic revenue mix was primarily due to the more rapid rate of revenue growth from deployments in North America as compared to the combined rate of revenue growth from deployments in Europe and Asia.

Subscription services revenues were 77% of total revenues for fiscal 2016, compared to 74% of total revenues for fiscal 2015, reflecting the faster growth rate of our subscription services revenues as compared to the growth rate of our professional services and other revenues as our customers expanded their use of our solutions across new divisions, new geographies, and new products.

Fiscal 2015 compared to Fiscal 2014. Total revenues increased $103.1 million, of which $86.4 million was from subscription services revenues. Thirty-four percent of the increase in subscription services revenues was attributable to orders from existing customers that were placed on or prior to January 31, 2014 and the renewal of such orders through January 31, 2015. Sixty-six percent of the increase in subscription services revenues was attributable to new orders placed after January 31, 2014 to deploy our solutions to additional users within our existing customer base and to new users at new customers. New orders from existing customers consisted of expanded use of our solutions within a given customer and the addition of solutions not previously utilized by a given customer. Subscription services revenues from North America, as measured by the estimated location of the end users for subscription services, made up 54% of subscription services revenues in fiscal 2015 and 61% of subscription services revenues in fiscal 2014. This shift in geographic revenue mix was primarily due to the more rapid rate of revenue growth from deployments in both Europe and Asia as compared to North America.

Professional services and other revenues increased $16.6 million. The increase in professional services revenues was due primarily to new customers requesting implementation and deployment related professional services, and existing customers requesting professional services related to expanding deployments or the deployment of newly purchased solutions. Professional services revenues from North America, as measured by the estimated location of the user for which the services were performed, made up 59% of professional services revenues in fiscal 2015 and 56% of professional services revenues in fiscal 2014.

Subscription services revenues were 74% of total revenues for fiscal 2015, compared to 70% of total revenues for fiscal 2014, reflecting the growth in our subscription services revenues as our customers expanded their use of our solutions across new divisions, new geographies, and new products.

Costs and Expenses

	Fiscal Year Ended January 31,			2016 to 2015 % Change	2015 to 2014 % Change
	2016	2015	2014		
	(dollars in thousands)				
Cost of revenues:					
Cost of subscription services	$71,180	$55,005	$36,199	29 %	52 %
Cost of professional services and other	71,034	60,653	46,403	17	31
Total cost of revenues	$142,214	$115,658	$82,602	23	40
Gross margin percentage:					

Subscription services	77	%	76	%	75	%			
Professional services and other	24		24		27				
Total gross margin percentage	65	%	63	%	61	%			
Gross profit	$267,007		$197,564		$127,549		35	%	55	%
Headcount (at period end)	512		372		298		38	%	25	%

Fiscal 2016 compared to Fiscal 2015. Cost of revenues increased $26.6 million, of which $16.2 million was related to cost of subscription services. The increase in cost of subscription services was primarily due to an increase in the number of users of our subscription services, which drove an increase of $8.5 million in fees paid to salesforce.com, a $2.7 million increase in third-party data center costs, a $2.0 million increase in employee compensation-related costs (which includes the impact of an increase of $0.3 million in stock-based compensation and a 49% increase in the headcount of our subscription services team, including headcount from the acquired Zinc Ahead business), and a $1.3 million increase in amortization of purchased intangibles. We expect cost of subscription services revenues to increase in absolute dollars in the near term, as we renew existing orders and enter into new orders for our subscription services. In addition, we expect cost of subscription services revenues to decrease as a percentage of subscription services

revenues in the near term, as the proportion of our subscription services revenues from our product offerings that have slightly lower gross margins, including our Veeva Vault applications.

Cost of professional services and other revenues increased $10.4 million, primarily due to a $7.7 million increase in employee compensation-related costs (which includes the impact of an increase of $1.6 million in stock-based compensation and a 34% increase in the headcount of our professional services team, including headcount from the acquired Zinc Ahead business) and an increase of $2.3 million in third-party subcontractor costs. We expect cost of professional services and other revenues to increase as we add personnel to our professional services organization worldwide.

Fiscal 2015 compared to Fiscal 2014. Cost of revenues increased $33.1 million, of which $18.8 million was related to cost of subscription services. The increase in cost of subscription services was primarily due to an increase in the number of users of our subscription services, which drove an increase of $14.3 million in fees paid to salesforce.com, a $1.3 million increase in employee compensation-related costs, a $0.9 million increase in third-party server costs, and a $0.6 million increase in amortization of purchased intangibles.

Cost of professional services and other revenues increased $14.2 million, primarily due to a $9.8 million increase in employee compensation-related costs (which includes the impact of an increase of $1.4 million in stock-based compensation and a 13% increase in the headcount of our professional services team) and an increase of $3.5 million in third-party subcontractor costs.

Gross profit as a percentage of total revenues for year ended January 31, 2016, 2015 and 2014 was 65%, 63% and 61%, respectively. The increases compared to the prior periods is largely due to an increase in the proportion of total revenues attributable to subscription services revenues as compared to professional services and other revenues, which have higher gross margins, and the continued growth of our Veeva Vault, Veeva Network Customer Master, and our newer multichannel customer relationship management applications that compliment Veeva CRM, all of which have slightly higher gross margins than our core Veeva CRM application.

Operating Expenses and Operating Margin

Operating expenses include research and development, sales and marketing and general and administrative expenses. As we continue to invest in our growth through hiring, and as we realize the full impact of the additional headcount and operating expenses associated with the Zinc Ahead business, we expect operating expenses to increase in absolute dollars and as a percentage of revenue in the near term which may result in a slight decrease in our operating margin.

Research and Development

	Fiscal Year Ended January 31,			2016 to 2015 % Change	2015 to 2014 % Change
	2016	2015	2014		
	(dollars in thousands)				
Research and development	$65,976	$41,156	$26,327	60 %	56 %
Percentage of total revenues	16 %	13 %	13 %		
Headcount (at period end)	480	286	200	68 %	43 %

Fiscal 2016 compared to Fiscal 2015. Research and development expenses increased $24.8 million, primarily due to an increase of $19.5 million in employee compensation-related costs (which includes the impact of an increase of $3.4 million in stock-based compensation) resulting from a 68% increase in headcount during the period, including headcount from the acquired Zinc Ahead business. The expansion of our headcount in this area is to support the

increasing number of products that are under development across our solution offerings, and to a lesser extent headcount from the acquired Zinc Ahead business. We also had an increase in facility related expenses of $1.2 million primarily resulting from the move into our new corporate headquarters and an increase of $0.9 million in third-party consulting services related to the development of our solution offerings.

Fiscal 2015 compared to Fiscal 2014. Research and development expenses increased $14.8 million, primarily due to an increase of $12.2 million in employee compensation-related costs (which includes the impact of an increase of $2.1 million in stock-based compensation and a 43% increase in headcount) and a $0.7 million decrease in internal-use software capitalized in fiscal year 2015 as compared to fiscal year 2014. The expansion of our headcount in this area was required to support the increasing number of products that are under development across our solution offerings.

We expect research and development expenses to increase in absolute dollars in the near term, primarily due to higher headcount as we continue to add research and development personnel and invest in our solutions and as we experience the full impact of the additional research and development headcount and expenses associated with the acquired Zinc Ahead business.

Sales and Marketing

	Fiscal Year Ended January 31,			2016 to 2015 % Change	2015 to 2014 % Change
	2016	2015	2014		
	(dollars in thousands)				
Sales and marketing	$80,984	$56,203	$41,507	44 %	35 %
Percentage of total revenues	20 %	18 %	20 %		
Headcount (at period end)	338	200	158	69 %	27 %

Fiscal 2016 compared to Fiscal 2015. Sales and marketing expenses increased $24.8 million, primarily due to an increase of $17.6 million in employee compensation-related costs (which includes the impact of an increase of $3.6 million in stock-based compensation, an increase of $3.3 million in sales commissions and a 69% increase in headcount, including headcount from the acquired Zinc Ahead business), an increase of $2.0 million in marketing program costs, a $1.6 million increase in travel-related costs, and a $1.4 million increase in amortization expense associated with purchased intangibles related to our to customer contracts, customer relationships and brand.

Fiscal 2015 compared to Fiscal 2014. Sales and marketing expenses increased $14.7 million, primarily due to an increase of $11.7 million in employee compensation-related costs (which includes the impact of an increase of $1.4 million in stock-based compensation, an increase of $1.3 million in sales commissions and a 27% increase in headcount), an increase of $1.4 million in marketing program costs, and a $0.8 million increase in travel-related costs.

We expect sales and marketing expenses to continue to grow in absolute dollars in the near term, primarily due to employee-related expenses as we increase our headcount to support our sales and marketing efforts associated with our newer solutions and our continued expansion of our international sales capacity across all our solutions, and as we experience the full impact of the additional sales and marketing headcount and expenses associated with the acquired Zinc Ahead business.

General and Administrative

	Fiscal Year Ended January 31,			2016 to 2015 % Change	2015 to 2014 % Change
	2016	2015	2014		
	(dollars in thousands)				
General and administrative	$41,458	$30,239	$20,411	37 %	48 %
Percentage of total revenues	10 %	10 %	10 %		
Headcount (at period end)	144	93	69	55 %	35 %

Fiscal 2016 compared to Fiscal 2015. General and administrative expenses increased $11.2 million, primarily due to increases of $4.8 million in employee compensation-related costs (which includes the impact of an increase of $1.0 million in stock-based compensation and a 55% increase in headcount, including headcount from the acquired Zinc Ahead business), $2.3 million in one-time transaction costs for the acquired Zinc Ahead business, $1.2 million in

deferred compensation associated with the acquired Zinc Ahead business, an increase of $1.0 million in expense for software subscriptions for internal use, $0.9 million related to the early termination of the lease for our former headquarters building, and an increase of $0.7 million in taxes and licenses, off-set by a decrease of $1.4 million in third-party professional services costs.

Fiscal 2015 compared to Fiscal 2014. General and administrative expenses increased $9.8 million, primarily due to increases of $5.1 million in employee compensation-related costs (which includes the impact of an increase of $2.3 million in stock-based compensation and a 35% increase in headcount), and an increase of $3.1 million in third-party professional services costs. Much of this increased spending was incurred to address public company requirements, litigation related costs, and to provide increased administrative support to our foreign operations.

We expect general and administrative expenses to slightly increase in absolute dollars in the near term, primarily due to higher headcount, additional expenses, such as professional services from third-party providers, increased administrative support to our expanding foreign operations and as we experience the full impact of the additional general and administrative headcount and expenses associated with the acquired Zinc Ahead business.

Other Income (Expense), Net

	Fiscal Year Ended January 31,			2016 to 2015 % Change	2015 to 2014 % Change
	2016	2015	2014		
	(dollars in thousands)				
Other income (expense), net	$28	$(2,780)	$(804)	-101 %	246 %

Fiscal 2016 compared to Fiscal 2015. Other income increased $2.8 million, primarily due to a decrease of $2.1 million in foreign currency losses and an increase of $1.1 million in interest income, offset by an increase of $0.4 million in investment amortization. The higher interest income and investment amortization compared to the prior year period was primarily attributable to our higher cash equivalent and investment balances during the year leading up to Zinc Ahead acquisition. We continue to experience foreign currency losses primarily due to the increase in the value of the U.S. Dollar against the Euro and the impact resulting from the periodic re-measurement of our foreign currency balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Our results of operations are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling, Japanese Yen and Chinese Yuan. We may continue to experience adverse foreign currency impacts due to any additional volatility in these currencies.

Fiscal 2015 compared to Fiscal 2014. Other expenses increased $2.0 million, primarily due to an increase of $2.9 million in foreign currency loss and an increase of $2.1 million in investment amortization, offset by an increase of $3.0 million in interest income. The higher interest income and investment amortization compared to the prior year period was primarily attributable to our higher cash equivalent and investment balances. The foreign currency loss was driven by the decline in the value of the Euro to the U.S. Dollar and resulting primarily from the periodic re-measurement of our foreign currency balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

Provision for Income Taxes

	Fiscal Year Ended January 31,			2016 to 2015 % Change	2015 to 2014 % Change
	2016	2015	2014		
	(dollars in thousands)				
Income before income taxes	$78,617	$67,186	$38,500	17 %	75 %
Provision for income taxes	24,157	26,803	14,885	(10)	80
Effective tax rate	30.7 %	39.9 %	38.7 %		

Our effective tax rate was 31%, 40% and 39% for the years ended January 31, 2016, 2015 and 2014, respectively. Our effective tax rate in all periods is the result of the mix of income earned in various tax jurisdictions that apply a broad range of income tax rates. The provision for income taxes differs from the tax computed at the U.S. federal statutory income tax rate due primarily to foreign earnings considered as indefinitely reinvested in foreign operations, state taxes, the permanent reenactment of the U.S. research and development tax credit, equity compensation, the U.S. domestic production activity deduction, and benefits associated with our tax election resulting from the Zinc Ahead acquisition. Future effective tax rates could be adversely affected if earnings are lower than anticipated in countries where we have lower statutory tax rates, by unfavorable changes in tax laws and regulations or by adverse rulings in tax related litigation. Differing tax rates in various jurisdictions could harm our results of operations and financial condition by increasing our overall tax rate.

Fiscal 2016 compared to Fiscal 2015. Our effective tax rate decreased 920 basis points, primarily due to a 960 basis point decrease from a one-time deferred tax asset benefit in the U.S. related to the Zinc Ahead acquisition, a 250 basis point decrease from the U.S. research and development credit, a 150 basis point decrease in U.S. domestic production activity deduction , offset by 200 basis point increase of the valuation allowance and a 150 basis point increase associated with the mix of jurisdictional rates from our foreign operations.

In December 2015, the Protecting Americans from Tax Hikes (PATH) Act of 2015 was signed into law, which made permanent several business-related provisions such as the research tax credit for qualifying amounts paid or incurred after December 31, 2014. As a result of the retroactive extension, we recognized a tax benefit of $2.3 million in the fourth quarter of fiscal 2016 for qualifying amounts incurred in the calendar year 2015.

Fiscal 2015 compared to Fiscal 2014. Provision for income taxes increased $11.9 million, primarily due to an increase in income before taxes for the year, and an increase of 1% in our effective tax rate.

In December 2014, the Tax Increase Prevention Act of 2014 (the "2014 Act") was signed into law, which extended the research credit for one year to December 31, 2014. The extension of the research credit was retroactive and includes amounts paid or incurred after December 31, 2013. As a result of the retroactive extension, we recognized a tax benefit of $1.4 million in the fourth quarter of fiscal 2015 for qualifying amounts incurred in the calendar year 2014.

Non-GAAP Financial Measures

Regulation S-K Item 10(e), “Use of Non-GAAP Financial Measures in Commission Filings,” defines and prescribes the conditions for use of non-GAAP financial information. Our measures of non-GAAP operating income, non-GAAP net income and non-GAAP net income per share each meet the definition of a non-GAAP financial measure. In addition to our GAAP measures, we use these non-GAAP financial measures internally for budgeting and resource allocation purposes and in analyzing our financial results. We believe these measures are useful to investors, as a supplement to GAAP measures, as a means to evaluate period-to-period comparisons, in evaluating our ongoing operating results and trends and in comparing our financial measures with other companies in our industry, many of which present similar non-GAAP financial measures to investors. These non-GAAP measures are adjusted for the impact of expenses associated with stock-based compensation, amortization of purchased intangibles, capitalization of expenses associated with development of internal-use software and the subsequent amortization of the capitalized expenses, deferred compensation associated with the acquired Zinc Ahead business, and the tax effect of all of these non-GAAP adjustments. These items are excluded because the decisions which gave rise to them are not made to increase revenue in a particular period, but are made for our long-term benefit over multiple periods and we are not able to change or affect these items in any particular period.

Non-GAAP operating income and non-GAAP net income

We define non-GAAP net income as our total net income excluding the following components, which we believe are not reflective of our ongoing operational expenses. In each case, for the reasons set forth below, we believe that excluding the component provides useful information to investors and others in understanding and evaluating the impact of certain items to our operating results and future prospects in the same manner as it does for us, in comparing financial results across accounting periods and to those of peer companies and to better understand the impact of these non-cash items on our gross margin and operating performance. Additionally, as significant, unusual or discrete events occur, the income statement impact thereof may be excluded in the period in which the events occur.

- Stock-based compensation expenses. We excluded stock-based compensation expenses from our non-GAAP measures primarily because they are non-cash expenses that we exclude from our internal management reporting processes. We also find it useful to exclude certain non-cash charges to assess the appropriate level of various operating expenses to assist in our budgeting, planning and forecasting of future periods. Moreover, because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FASB ASC Topic 718, we believe excluding stock-based compensation expenses allows investors to make meaningful comparisons between our recurring core business operating results and those of other companies.
- Amortization of purchased intangibles. We incur amortization expense for purchased intangible assets in connection with acquisitions of certain businesses and technologies. Amortization of intangible assets is a non-cash expense and is significantly inconsistent in amount and frequency affected by the timing and size of new acquisitions. Because these costs have already been incurred and cannot be recovered, and are non-cash expenses, we exclude these expenses for internal management reporting purposes. We also find it useful to exclude these fixed charges when assessing the appropriate level of various operating expenses to assist in our budgeting, planning and forecasting of future periods. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of purchased intangible assets will recur in future periods.
- Capitalization of internal-use software development expenses and the subsequent amortization of the capitalized expenses. We capitalize certain costs incurred for the development of computer software for internal use and then amortize those costs over the estimated useful life. Capitalization and amortization of software development costs

can vary significantly depending on the timing of products reaching technological feasibility and being made generally available. Our internal management reporting processes exclude both the capitalization of software (which would otherwise result in a reduction in net research and development operating expenses) and the amortization of capitalized software (which would otherwise result in an increase in cost of subscription revenues) when preparing budgets, plans and reviewing internal performance. Moreover, because of the variety of approaches taken and the subjective assumptions made by other companies in this area, we believe that excluding the effects of capitalized software costs allows investors to make more meaningful comparisons between our operating results and those of other companies.

- Deferred compensation associated with the acquired Zinc Ahead business. The Zinc Ahead share purchase agreement called for $10.0 million in share purchase consideration to be deferred and paid to certain former Zinc Ahead employees at a rate of one-third of the deferred compensation amount per year only in the event such former Zinc Ahead employees remain employed by Veeva on each deferred compensation payment date. Pursuant to GAAP, these payments are being accounted for as deferred compensation and the expense is recognized over the requisite service period. We believe excluding these deferred compensation expenses from our non-GAAP measures may allow investors to make more meaningful comparisons between our recurring business operating results and those of other companies.
- Income tax effects on the difference between GAAP and non-GAAP costs and expenses. The income tax effects that are excluded from the non-GAAP measures relate to the tax impact on the difference between GAAP and non-GAAP costs and expenses due to stock-based compensation, purchased intangibles, capitalized internal-use software, and deferred compensation associated with the acquired Zinc Ahead business for GAAP and non-GAAP measures. Also included are certain tax items not directly related to the current fiscal year's ordinary operating results. Examples of such tax items includes, but are not limited to, changes in the valuation allowance related to deferred tax assets, certain acquisition-related costs and unusual or infrequently occurring items.

We define non-GAAP operating income as our operating income, as reported on our consolidated statement of comprehensive income, excluding stock-based compensation, amortization of purchased intangibles, capitalization of expenses associated with development of internal-use software and the subsequent amortization of the capitalized expenses, and deferred compensation associated with the acquired Zinc Ahead business that are included in operating expenses.

Non-GAAP net income per share

Management uses the non-GAAP net income per share to provide an additional view of performance by excluding items that are not directly related to performance in any particular period in the earnings per share calculation.

We define non-GAAP net income per share as our non-GAAP net income, which excludes the above components, which we believe are not reflective of our ongoing operational expenses, divided by diluted shares outstanding. Diluted shares outstanding are diluted shares, as reported on our consolidated statement of comprehensive income, adjusted for the 85,000,000 shares of convertible preferred stock that was issued and outstanding for the year, or the proportionate part of, prior to our initial public offering which were assumed to be converted to common shares.

Limitations on the use of Non-GAAP financial measures

A limitation of our non-GAAP financial measures of non-GAAP operating income, non-GAAP net income and non-GAAP net income per share is that they are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies, and do not have uniform definitions. Our definitions will likely differ from the definitions used by other companies, including peer companies, and therefore comparability may be limited.

The non-GAAP financial measures are limited in value because they exclude certain items that may have a material impact upon our reported financial results. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which items are adjusted to calculate our non-GAAP financial measures. Thus, our non-GAAP measures of non-GAAP operating income, non-GAAP net income and non-GAAP net income per share should be considered in addition to, not as a substitute for, or in isolation from, measures prepared in accordance with GAAP. Additionally, in the case of stock-based expense, if we did not pay a portion of compensation in the form of stock-based expense, the cash salary expense included in costs of revenues and operating expenses would be higher, which would affect our cash position and our non-GAAP profitability. Veeva compensates for these limitations by analyzing current and future results on a GAAP basis as well as a non-GAAP basis and also by

providing GAAP measures in our public disclosures.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measure and not to rely on any single financial measure to evaluate our business. A reconciliation of GAAP to the non-GAAP financial measures has been provided in the tables below.

We compensate for these limitations by reconciling non-GAAP gross profit, non-GAAP operating profit, non-GAAP net income and non-GAAP earnings per share to the most comparable GAAP financial measure. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view our non-GAAP financial measures in conjunction with the most comparable GAAP financial measures.

The following table reconciles the specific items excluded from GAAP metrics in the calculation of non-GAAP metrics for the periods shown below:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Operating income on a GAAP basis	$78,589	$69,966	$39,304
Stock-based compensation expense	24,258	14,325	6,950
Amortization of purchased intangibles	4,308	1,650	1,022
Capitalization of internal-use software	(431)	(413)	(1,117)
Amortization of internal-use software	755	818	502
Deferred compensation associated with Zinc Ahead acquisition	1,120	—	—
Operating income on a non-GAAP basis	$108,599	$86,346	$46,661
Net income on a GAAP basis	$54,460	$40,383	$23,615
Stock-based compensation expense	24,258	14,325	6,950
Amortization of purchased intangibles	4,308	1,650	1,022
Capitalization of internal-use software	(431)	(413)	(1,117)
Amortization of internal-use software	755	818	502
Deferred compensation associated with Zinc Ahead acquisition	1,120	—	—
Income tax effect on non-GAAP adjustments	(10,017)	(3,573)	(865)
Net income on a non-GAAP basis	$74,453	$53,190	$30,107
Net income allocated to participating securities on a GAAP basis	$(47)	$(245)	$(13,210)
Net income allocated to participating securities from non-GAAP adjustments[1]	(18)	(77)	12,581
Net income allocated to participating securities on a non-GAAP basis	(65)	(322)	(629)
Net income attributable to common stockholders on a non-GAAP basis	$74,388	$52,868	$29,478
Diluted shares on a GAAP basis	144,977	144,204	68,024
Impact of assumed conversion of preferred stock[1]	—	—	61,247
Diluted shares on a non-GAAP basis	144,977	144,204	129,271
Diluted net income per share on a GAAP basis	$0.38	$0.28	$0.15
Stock-based compensation expense	0.16	0.10	0.06
Amortization of purchased intangibles	0.03	0.01	0.01
Capitalization of internal-use software	—	—	(0.01)
Amortization of internal-use software	—	0.01	—
Deferred compensation associated with Zinc Ahead acquisition	0.01	—	—
Income tax effect on non-GAAP adjustments	(0.07)	(0.03)	(0.01)
Impact of assumed conversion of preferred stock	—	—	0.03
Diluted net income per share on a non-GAAP basis	$0.51	$0.37	$0.23

[1] In computing the fully diluted shares for non-GAAP purposes, the 85,000,000 shares of convertible preferred stock that was issued and outstanding for the proportionate part of the year prior to our initial public offering were assumed to be converted to common shares. As a result of the assumed conversion, convertible preferred stock was not considered participating securities when allocating net income to participating securities, for non-GAAP purposes.

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Liquidity and Capital Resources

	Fiscal Year Ended January 31,		
	2016	2015	2014
	(in thousands)		
Net cash provided by operating activities	$80,154	$67,574	$41,753
Net cash used in investing activities	(96,683)	(272,018)	(26,576)
Net cash provided by financing activities	19,406	71,262	215,440
Effect of exchange rate changes on cash and cash equivalents	49	(72)	—
Net change in cash and cash equivalents	$2,926	$(133,254)	$230,617

Our principal sources of liquidity were our cash, cash equivalents and short-term investments, as well as cash flows generated from our operations. At January 31, 2016, our cash, cash equivalents and short-term investments totaled $346.2 million, of which $12.8 million represented cash and cash equivalents held outside of the United States. Non-U.S. cash and cash equivalents have been earmarked for indefinite reinvestment in our operations outside the United States and, therefore, no U.S. current or deferred taxes have been accrued related to these balances. We believe our U.S. sources of cash and liquidity are sufficient to meet our business needs in the United States and do not expect that we will need to repatriate the funds we have designated as indefinitely reinvested outside the United States. Under current tax laws, should our plans change and we were to choose to repatriate some or all of the funds we have designated as indefinitely reinvested outside the United States, such amounts would be subject to U.S. income taxes and applicable non-U.S. income and withholding taxes.

We have financed our operations primarily through cash generated from operations. We believe our existing cash, cash equivalents and short-term investments generated from operations will be sufficient to meet our working capital and capital expenditure needs over at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, subscription renewal activity, the timing and extent of spending to support product development efforts, the expansion of sales and marketing activities, the ongoing investments in data centers, the introduction of new and enhanced solutions and the continuing market acceptance of our solutions. We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies and intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

On October 21, 2013, we closed our initial public offering of 11,676,750 shares of Class A common stock sold by us, at a public offering price of $20.00 per share. Our proceeds from the offering were $214.2 million after deducting underwriting discounts and commissions and total offering expenses.

On March 31, 2014, we closed our follow-on offering of 1,390,000 shares of Class A common stock sold by us, at a public offering price of $26.35 per share. Our proceeds from the offering were $34.5 million after deducting underwriting discounts and commissions and total offering expenses.

Cash Flows from Operating Activities

Our largest source of operating cash inflows is cash collections from our customers for subscription services. We also generate significant cash flows from our professional services arrangements. Our primary uses of cash from operating activities are for employee-related expenditures, fees to salesforce.com, third-party professional services costs, employee travel costs, and leased facilities.

Fiscal 2016 compared to Fiscal 2015. Net cash provided by operating activities was $80.1 million for the year ended January 31, 2016. Our cash provided by operating activities during the year ended January 31, 2016 primarily reflected our net income of $54.5 million, adjustments for non-cash items of $29.8 million, and the net decrease in our operating assets and liabilities of $4.2 million. Non-cash charges included $24.3 million of stock-based compensation expense, $8.5 million of depreciation and amortization expense and $2.8 million of amortization of premiums on short-term investments. The net changes in operating assets and liabilities included a $39.4 million increase in deferred revenue resulting primarily from increased orders from new and existing customers and a $5.0 million increase in accrued expenses and other current liabilities. These sources of cash were partially offset by a $46.7 million increase in accounts receivable related to the timing of billings and collections, a $5.9 million increase in our net deferred income taxes, and a $3.4 million increase in our net income tax obligations related to the timing of tax payments.

Fiscal 2015 compared to Fiscal 2014. Net cash provided by operating activities was $67.6 million for the year ended January 31, 2015. Our cash provided by operating activities during the year ended January 31, 2015 primarily reflected our net income

of $40.4 million, adjustments for non-cash items of $14.3 million of stock-based compensation expense and $3.9 million of depreciation and amortization expense. Additional sources of cash inflows were from changes in our working capital, which included a $45.6 million increase in deferred revenue resulting primarily from increased orders from new and existing customers and a $3.3 million increase in our net income tax obligations related to the timing of tax payments. These sources of cash were partially offset by a $34.5 million increase in accounts receivable related to the timing of billings and collections, a $4.7 million increase in other current and long-term assets and a $4.3 million increase in our net deferred income taxes assets.

Cash Flows from Investing Activities

The cash flows from investing activities primarily relate to cash used for acquisition of businesses and the purchase of marketable securities, net of maturities. We also use cash to invest in capital assets to support our growth, including the build-out of our new corporate headquarters located in Pleasanton, California.

Fiscal 2016 compared to Fiscal 2015. Net cash used in investing activities was $96.7 million for the year ended January 31, 2016 resulting primarily from $126.2 million used in the acquisition of two businesses (comprised of $116.5 million in cash used to complete the acquisition of Zinc Ahead and $9.7 million in cash used to complete the acquisition of Qforma CrowdLink) and $21.2 million in cash used for purchases of property and equipment primarily for the build-out of our new corporate headquarters. The cash outflows were offset by $51.6 million provided from net maturities of marketable securities.

Fiscal 2015 compared to Fiscal 2014. Net cash used in investing activities was $272.0 million for the year ended January 31, 2015 resulting primarily from $245.1 million in net purchases of marketable securities and $26.5 million in cash used for purchases of property and equipment, which primarily includes the July 2014 purchase of our new corporate headquarters located in Pleasanton, California for $24.0 million.

Cash Flows from Financing Activities

The cash flows from financing activities relate to proceeds from our public offerings of Class A common stock, stock option exercises and excess tax benefits from our stock plans.

Fiscal 2016 compared to Fiscal 2015. Net cash provided by financing activities was $19.5 million for the year ended January 31, 2016 resulting from $13.5 million in excess tax benefits from our employee stock plans and $5.9 million in proceeds from employee stock option exercises.

Fiscal 2015 compared to Fiscal 2014. Net cash provided by financing activities was $71.3 million for the year ended January 31, 2015 resulting from $34.2 million net proceeds from our follow-on public offering, $25.3 million in excess tax benefits from our employee stock plans, and $11.8 million from employees participating in the employee stock plans.

Commitments

Our principal commitments primarily consist of obligations for minimum payment commitments to salesforce.com and leases for office space. On March 3, 2014, we amended our agreement with salesforce.com. The agreement, as amended, requires that we meet minimum order commitments of $500 million over the term of the agreement, which ends on September 1, 2025, including “true-up” payments if the orders we place with salesforce.com have not equaled or exceeded the following aggregate amounts within the timeframes indicated: (i) $250 million for the period from March 1, 2014 to September 1, 2020 and (ii) the full amount of $500 million by September 1, 2025. Additionally, Zinc Ahead, a recently acquired business, has an authorized OEM agreement with VYRE Limited for use and resale of certain proprietary products used for digital asset management in combination with the Zinc Ahead product offerings.

As of January 31, 2016, the future non-cancelable minimum payments under these commitments were as follows:

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in thousands)				
Purchase commitments	$411,581	$4,902	$400	$156,280	$250,000
Operating lease obligations	11,094	3,079	3,966	2,615	1,434
Total	$422,675	$7,981			