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

FORM 10-Q

(Mark one)

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

For the quarterly period ended January 31, 2020

OR

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

For the transition period from to .

Commission file number: 001-35394

Guidewire Software, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**36-4468504**
(State or other jurisdiction of Incorporation or organization)	**(I.R.S. Employer Identification No.)**
2850 S. Delaware St., Suite 400 San Mateo, California	**94403**
(Address of principal executive offices)	**(Zip Code)**

(650) 357-9100
(Registrant’s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	GWRE	New York Stock Exchange

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

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

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

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

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

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

On February 28, 2020, the registrant had 82,885,745 shares of common stock issued and outstanding.

Guidewire Software, Inc.

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FORWARD-LOOKING STATEMENTS

The section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as other parts of this Quarterly Report on Form 10-Q and certain information incorporated herein by reference contain forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, which are subject to risks and uncertainties. The forward-looking statements may include statements concerning, among other things, our business strategy (including anticipated trends and developments in, and management plans for, our business and the markets in which we operate), financial results, results of operations, revenue, gross margins, operating expenses, products, projected costs and capital expenditures, research and development programs, sales and marketing initiatives, and competition. In some cases, you can identify these statements by forward-looking words, such as "will," "may," "might," "should," "could," "estimate," "expect," "suggest," "believe," "anticipate," "intend," "plan," and "continue," the negative or plural of these words and other comparable terminology. Actual events or results may differ materially from those expressed or implied by these statements due to various factors, including but not limited to the matters discussed below, in the section titled "Part II - Other Information - Item 1A. Risk Factors," and elsewhere in this Quarterly Report on Form 10-Q. Many of the forward-looking statements are located in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Examples of forward-looking statements include statements regarding:

- *growth prospects of the property & casualty ("P&C") insurance industry and our company;*
- *the developing market for subscription services and uncertainties attendant on emerging sales and delivery models;*
- *trends in future sales, including the mix of licensing and subscription models and seasonality;*
- *our competitive environment and changes thereto;*
- *competitive attributes of our software applications and delivery models;*
- *challenges to further increase sales outside of the United States;*
- *our research and development investment and efforts;*
- *expenses to be incurred, and benefits to be achieved from our acquisitions;*
- *our gross and operating margins and factors that affect such margins, including costs related to operating, securing and enhancing our subscription services;*
- *our provision for tax liabilities, judgments related to revenue recognition, and other critical accounting estimates;*
- *the impact of new accounting standards and any contractual changes we have made in anticipation of such changes;*
- *our exposure to market risks, including geographical and political events that may negatively impact our customers; and*
- *our ability to satisfy future liquidity requirements.*

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The forward-looking statements contained in this Quarterly Report on Form 10-Q are based on information available to us as of the filing date of this Quarterly Report on Form 10-Q and our current expectations about future events, which are inherently subject to change and involve risks and uncertainties. You should not place undue reliance on these forward-looking statements.

We do not undertake any obligation to update any forward-looking statements in this report or in any of our other communications, except as required by law. All such forward-looking statements should be read as of the time the statements were made and with the recognition that these forward-looking statements may not be complete or accurate at a later date.

Unless the context requires otherwise, we are referring to Guidewire Software, Inc. together with its subsidiaries when we use the terms "Guidewire," the "Company," "we," "our," or "us."

PART I – Financial Information

ITEM 1. Financial Statements (unaudited)

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands)

	January 31, 2020	July 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 218,463	$ 254,101
Short-term investments	836,939	870,136
Accounts receivable, net of allowances of $1,841 and $1,441, respectively	101,171	138,443
Unbilled accounts receivable, net	50,297	36,728
Prepaid expenses and other current assets	41,114	35,566
Total current assets	1,247,984	1,334,974
Long-term investments	274,563	213,524
Unbilled accounts receivable, net	12,824	9,375
Property and equipment, net	66,673	65,809
Operating lease assets	88,520	—
Intangible assets, net	52,633	66,542
Goodwill	340,877	340,877
Deferred tax assets, net	94,424	90,308
Other assets	43,092	45,554
TOTAL ASSETS	$ 2,221,590	$ 2,166,963
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 25,988	$ 34,255
Accrued employee compensation	44,425	73,365
Deferred revenue, net	89,043	108,304
Other current liabilities	23,130	16,348
Total current liabilities	182,586	232,272
Lease liabilities	102,083	—
Convertible senior notes, net	323,676	317,322
Deferred revenue, net	19,205	23,527
Other liabilities	1,475	19,641
Total liabilities	629,025	592,762
STOCKHOLDERS' EQUITY:		
Common stock	8	8
Additional paid-in capital	1,444,597	1,391,904
Accumulated other comprehensive income (loss)	(7,259)	(7,758)
Retained earnings	155,219	190,047
Total stockholders' equity	1,592,565	1,574,201
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,221,590	$ 2,166,963

See accompanying Notes to Condensed Consolidated Financial Statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands except shares and per share amounts)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	**2019**	**2020**	**2019**
Revenue:				
License and subscription	$ 104,954	$ 86,713	$ 187,377	$ 181,393
Maintenance	21,116	21,264	42,087	42,267
Services	47,388	60,557	101,004	125,129
Total revenue	173,458	168,534	330,468	348,789
Cost of revenue:				
License and subscription	27,032	14,739	50,828	28,069
Maintenance	4,084	3,954	7,778	7,822
Services	52,480	60,987	105,846	125,397
Total cost of revenue	83,596	79,680	164,452	161,288
Gross profit:				
License and subscription	77,922	71,974	136,549	153,324
Maintenance	17,032	17,310	34,309	34,445
Services	(5,092)	(430)	(4,842)	(268)
Total gross profit	89,862	88,854	166,016	187,501
Operating expenses:				
Research and development	49,954	46,471	96,450	91,967
Sales and marketing	37,339	31,173	70,355	63,492
General and administrative	20,599	17,541	41,838	35,886
Total operating expenses	107,892	95,185	208,643	191,345
Income (loss) from operations	(18,030)	(6,331)	(42,627)	(3,844)
Interest income	6,958	7,553	14,594	14,404
Interest expense	(4,462)	(4,287)	(8,891)	(8,531)
Other income (expense), net	(182)	1,148	(433)	(341)
Income (loss) before provision for income taxes	(15,716)	(1,917)	(37,357)	1,688
Provision for (benefit from) income taxes	4,228	(1,916)	(2,422)	(4,620)
Net income (loss)	$ (19,944)	$ (1)	$ (34,935)	$ 6,308
Net income (loss) per share:				
Basic	$ (0.24)	$ —	$ (0.42)	$ 0.08
Diluted	$ (0.24)	$ —	$ (0.42)	$ 0.08
Shares used in computing net income (loss) per share:				
Basic	82,725,641	81,217,511	82,543,267	81,058,562
Diluted	82,725,641	81,217,511	82,543,267	82,289,773

See accompanying Notes to Condensed Consolidated Financial Statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited, in thousands)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Net income (loss)	$ (19,944)	$ (1)	$ (34,935)	$ 6,308
Other comprehensive income (loss):				
Foreign currency translation adjustments	(422)	235	(289)	(577)
Unrealized gains (losses) on available-for-sale securities	(169)	1,485	1,162	1,285
Tax benefit (expense) on unrealized gains (losses) on available-for-sale securities	48	(288)	(280)	(241)
Reclassification adjustment for realized gains (losses) included in net income (loss)	(33)	(273)	13	(273)
Total other comprehensive income (loss)	(576)	1,159	606	194
Comprehensive income (loss)	$ (20,520)	$ 1,158	$ (34,329)	$ 6,502

See accompanying Notes to Condensed Consolidated Financial Statements

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited, in thousands except share amounts)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance as of July 31, 2019	**82,140,883**	**$ 8**	**$ 1,391,904**	**$ (7,758)**	**$ 190,047**	**$ 1,574,201**
Net income (loss)	—	—	—	—	(14,991)	(14,991)
Issuance of common stock upon exercise of stock options	21,698	—	368	—	—	368
Issuance of common stock upon vesting of Restricted Stock Units ("RSUs")	411,825	—	—	—	—	—
Stock-based compensation	—	—	24,765	—	—	24,765
Foreign currency translation adjustment	—	—	—	133	—	133
Unrealized gain (loss) on available-for-sale securities, net of tax	—	—	—	1,003	—	1,003
Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss)	—	—	—	46	—	46
Adoption of Accounting Standards Update ("ASU") 2018-02	—	—	—	(107)	107	—
Balance as of October 31, 2019	**82,574,406**	**$ 8**	**$ 1,417,037**	**$ (6,683)**	**$ 175,163**	**$ 1,585,525**
Net income (loss)	—	—	—	—	(19,944)	(19,944)
Issuance of common stock upon exercise of stock options	25,155	—	872	—	—	872
Issuance of common stock upon vesting of RSUs	272,821	—	—	—	—	—
Stock-based compensation	—	—	26,688	—	—	26,688
Foreign currency translation adjustment	—	—	—	(422)	—	(422)
Unrealized gain (loss) on available-for-sale securities, net of tax	—	—	—	(121)	—	(121)
Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss)	—	—	—	(33)	—	(33)
Balance as of January 31, 2020	**82,872,382**	**$ 8**	**$ 1,444,597**	**$ (7,259)**	**$ 155,219**	**$ 1,592,565**

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance as of July 31, 2018	**80,611,698**	**$ 8**	**$ 1,296,380**	**$ (7,748)**	**$ 124,976**	**$ 1,413,616**
Net income (loss)	—	—	—	—	6,309	6,309
Issuance of common stock upon exercise of stock options	74,698	—	689	—	—	689
Issuance of common stock upon vesting of RSUs	372,079	—	—	—	—	—
Stock-based compensation	—	—	23,210	—	—	23,210
Cancellation of common stock issued as part of Cyence acquisition	(48,968)	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	(812)	—	(812)
Unrealized gain (loss) on available-for-sale securities, net of tax	—	—	—	(153)	—	(153)
Adoption of new accounting standard (Topic 606)	—	—	—	—	44,339	44,339
Balance as of October 31, 2018	**81,009,507**	**$ 8**	**$ 1,320,279**	**$ (8,713)**	**$ 175,624**	**$ 1,487,198**
Net income (loss)	—	—	—	—	(1)	(1)
Issuance of common stock upon exercise of stock options	68,120	—	413	—	—	413
Issuance of common stock upon vesting of RSUs	312,878	—	—	—	—	—
Stock-based compensation	—	—	24,329	—	—	24,329
Foreign currency translation adjustment	—	—	—	235	—	235
Unrealized gain (loss) on available-for-sale securities, net of tax	—	—	—	1,197	—	1,197
Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss)	—	—	—	(273)	—	(273)
Balance as of January 31, 2019	**81,390,505**	**$ 8**	**$ 1,345,021**	**$ (7,554)**	**$ 175,623**	**$ 1,513,098**

See accompanying Notes to Condensed Consolidated Financial Statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Six Months Ended January 31,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (34,935)	$ 6,308
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	21,644	19,441
Amortization of debt discount and issuance costs	6,354	6,013
Stock-based compensation	51,294	47,707
Charges to bad debt and revenue reserves	878	352
Deferred income tax	(4,361)	(6,762)
Accretion of discount on available-for-sale securities, net	(2,012)	(3,816)
Other non-cash items affecting net income (loss)	572	575
Changes in operating assets and liabilities:		
Accounts receivable	36,259	4,414
Unbilled accounts receivable	(17,018)	(30,190)
Prepaid expenses and other assets	(3,527)	(885)
Operating lease assets	4,493	—
Accounts payable	(4,032)	(14,475)
Accrued employee compensation	(28,794)	(15,262)
Deferred revenue	(23,583)	(27,490)
Lease liabilities	241	—
Other liabilities	(2,137)	1,111
Net cash provided by (used in) operating activities	1,336	(12,959)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale securities	(601,403)	(462,902)
Sales and maturities of available-for-sale securities	576,749	410,583
Purchases of property and equipment	(11,254)	(11,006)
Capitalized software development costs	(2,210)	(1,163)
Net cash provided by (used in) investing activities	(38,118)	(64,488)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock upon exercise of stock options	1,239	1,103
Net cash provided by (used in) financing activities	1,239	1,103
Effect of foreign exchange rate changes on cash and cash equivalents	(95)	(627)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,638)	(76,971)
CASH AND CASH EQUIVALENTS—Beginning of period	254,101	437,140
CASH AND CASH EQUIVALENTS—End of period	$ 218,463	$ 360,169
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for income taxes, net of tax refunds	$ 2,668	$ 2,540
Accruals for purchase of property and equipment	$ 6,516	$ 3,609
Accruals for capitalized software costs	$ 37	$ 75

See accompanying Notes to Condensed Consolidated Financial Statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. The Company and Summary of Significant Accounting Policies and Estimates

Company

Guidewire Software, Inc., a Delaware corporation, was incorporated on September 20, 2001. Guidewire Software, Inc., together with its subsidiaries (the "Company"), provides an industry platform, which combines software, services, and a partner ecosystem to enable its customers to run, differentiate, and grow their business. The Company's software products and solutions support core insurance operations, provide insights and enable smarter decision-making, and support digital engagement with customers and agents across the insurance life-cycle. The Company and its system integrator partners provide professional services to implement the Company's software, and the Company offers post-production software support. The Company's customers are primarily property and casualty insurance carriers.

Basis of Presentation and Consolidation

The condensed consolidated financial statements and accompanying notes include the Company and its wholly-owned subsidiaries and reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted under the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

These condensed consolidated financial statements should be read in conjunction with the Company's financial statements and related notes, together with management's discussion and analysis of financial condition and results of operations, presented in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2019, as amended by the Company's Annual Report on Form 10-K/A for the fiscal year ended July 31, 2019 (collectively, the "Annual Report on Form 10-K"). There have been no changes in the Company's significant accounting policies from those that were disclosed in the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K, except for changes to operating lease recognition resulting from the adoption of ASU No. 2016-02, "Leases", Accounting Standards Codification 842 ("ASC 842").

Immaterial Revisions to Interim Condensed Consolidated Financial Statements

On June 3, 2019, the Company filed Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended July 31, 2018 (the "2018 Form 10-K/A"). In addition to the correction of errors primarily related to a misapplication of the vendor specific objective evidence ("VSOE") provisions of the prior revenue recognition guidance applicable to certain customer contracts under ASC 605, the Company also corrected the previously filed consolidated financial statements for the year ended July 31, 2018 for errors related to professional services arrangements (the "other corrections") that were deemed immaterial when they were originally identified. The other corrections resulted in immaterial revisions to license and subscription revenue, professional services revenue, cost of revenue - services, and related tax and balance sheet items in the interim condensed consolidated financial statements as of and for the three and six month periods ended January 31, 2019, which are presented herein as revised.

Use of Estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events that affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses. Significant items subject to such estimates include, but are not limited to, revenue recognition, the useful lives of property and equipment and intangible assets, allowance for doubtful accounts and revenue reserves, valuation allowance for deferred tax assets, stock-based compensation, annual bonus attainment, income tax uncertainties, fair value of convertible senior notes, valuation of goodwill and intangible assets, software development costs to be capitalized, and contingencies. These estimates and assumptions are based on management's best estimates and judgment. Management regularly evaluates its estimates and assumptions using historical experience and other factors; however, actual results could differ from these estimates.

Foreign Currency

The functional currency of the Company’s foreign subsidiaries is their respective local currency. The Company translates all assets and liabilities of foreign subsidiaries to U.S. dollars at the current exchange rate as of the applicable balance sheet date. Revenue and expenses are translated at the average exchange rate prevailing during the period in which the transactions occur. The effects of foreign currency translations are recorded in accumulated other comprehensive income (loss) in the condensed consolidated balance sheets. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency of the recording entity are presented as other income (expense) in the condensed consolidated statements of operations.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments with remaining maturities of 90 days or less at the date of purchase. Cash equivalents primarily consist of commercial paper and money market funds.

Investments

Management determines the appropriate classification of investments at the time of purchase based upon management’s intent with regard to such investments. All investments in the periods presented have been classified as available-for-sale.

The Company classifies investments as short-term when they have remaining contractual maturities of one year or less from the balance sheet date, and as long-term when the investments have remaining contractual maturities of more than one year from the balance sheet date. All investments are recorded at fair value with unrealized holding gains and losses included in accumulated other comprehensive income (loss) in the condensed consolidated balance sheets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Maintenance and repairs that do not extend the life or improve an asset are expensed in the period incurred.

The estimated useful lives of property and equipment are as follows:

Computer hardware	3 years
Purchased software	3 years
Equipment and machinery	3 to 5 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of 10 years or remaining lease term

Software Development Costs

Certain development costs related to software delivered to customers ("self-managed software") incurred subsequent to the establishment of technological feasibility are subject to capitalization and amortization over the estimated lives of the related products. Technological feasibility is established upon completion of a working model. Costs incurred subsequent to the establishment of technological feasibility have not been material and, therefore, all software development costs related to self-managed software have been charged to research and development expense in the condensed consolidated statements of operations as incurred.

For qualifying costs incurred for computer software developed for internal use, which includes software used to deliver services exclusively through the cloud, the Company begins to capitalize costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding, it is probable that the project will be completed, and the software will be used as intended. If any of these criteria cease being met before the software reaches its intended use, any capitalized costs related to the project will be impaired. When the software reaches its intended use, capitalized costs are amortized to cost of revenue over the estimated useful lives of the related assets, generally estimated to be three to five years. Costs incurred prior to meeting these capitalization criteria and costs incurred for training and maintenance are expensed as incurred and recorded in research and development expense in the condensed consolidated statements of operations. Capitalized software development costs are recorded in property and equipment in the condensed consolidated balance sheets.

Leases

On August 1, 2019, the Company adopted ASC 842 using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application. Under ASC 842, the Company determines if an arrangement is a lease at inception of the agreement. If an arrangement is determined to be a lease, an operating lease asset, also known as a right-of-use asset, and lease liability are recorded based on the present value of lease payments over the lease term. In connection with determining the present value of the lease payments, the Company considers only payments that are fixed and determinable at the time of commencement, including non-lease components that are fixed throughout the lease term. Variable components of the lease payments such as utilities and maintenance costs, are expensed as incurred and not included in determining the present value of the lease liability. As the Company's leases generally do not provide an implicit rate, the Company's incremental borrowing rate, calculated based on available information at the lease commencement date, is used in determining the present value of the lease payments. The Company's incremental borrowing rate is a hypothetical rate based on the Company's understanding of its credit rating. The Company's lease term used to calculate the lease liability and operating lease asset includes options to extend or terminate the lease if it is reasonably certain the Company will exercise that option. Operating lease assets also include any lease payments made prior to commencement and are recorded net of any lease incentives received. Lease expense is recognized on a straight-line basis over the lease term and is reflected in the condensed consolidated statements of operations in each of the cost of revenue and operating expense categories.

The Company also enters into agreements to sublease unoccupied office space. Any sublease payments received in excess of the straight-line rent expense related to the subleased space are recorded as an offset to operating expenses over the sublease term.

Operating leases are included in operating lease assets, other current liabilities, and lease liabilities on the condensed consolidated balance sheets.

Impairment of Long-Lived Assets, Intangible Assets, and Goodwill

The Company evaluates its long-lived assets, consisting of property and equipment, operating lease assets, and intangible assets for indicators of possible impairment when events or changes in circumstances indicate that the carrying amount of certain assets may not be recoverable. Impairment exists if the carrying amount of such assets exceed the estimates of future net undiscounted cash flows expected to be generated by such assets. Should impairment exist, the impairment loss would be measured based on the excess carrying amount of the assets over the estimated fair value of the assets.

The Company tests goodwill for impairment annually, during the fourth quarter of each fiscal year, and in the interim whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company evaluates qualitative factors to determine whether it is more likely than not that the fair value of the Company’s single reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. In performing the qualitative assessment, the Company considers events and circumstances, including, but not limited to, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in the composition or carrying amount of a reporting unit’s net assets, and changes in the price of the Company’s common stock. If, after assessing the totality of events and circumstances, the Company determines that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then the two-step goodwill impairment test is not performed. There have been no goodwill impairments during the periods presented.

Convertible Senior Notes

In March 2018, the Company issued $400.0 million aggregate principal amount of 1.25% Convertible Senior Notes due 2025 (the “Convertible Senior Notes”). The Company accounts for the liability and equity components of the issued Convertible Senior Notes separately. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the liability component from the par value of the Convertible Senior Notes as a whole. This difference represents a debt discount that is amortized to interest expense using the effective interest method over the term of the Convertible Senior Notes. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The liability and equity components will not be remeasured as long as the conversion option continues to meet the requirements for equity classification. The equity component is net of issuance costs and recorded in additional paid-in capital.

Business Combinations

The Company uses its best estimates and assumptions to assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date. Goodwill is calculated as the difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. The Company's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and subject to refinement and, as a result, actual results may differ from estimates. During the measurement period, which may be up to one year from the acquisition date, if new information is obtained about facts and circumstances that existed as of the acquisition date, the Company may record adjustments to the fair value of these assets and liabilities, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired and liabilities assumed, whichever comes first, subsequent adjustments, if any, are recorded in the condensed consolidated statements of operations.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, investments, and accounts receivable. The Company maintains its cash, cash equivalents, and investments with high quality financial institutions. The Company is exposed to credit risk for cash held in financial institutions in the event of a default to the extent that such amounts recorded in the condensed consolidated balance sheets are in excess of amounts that are insured by the Federal Deposit Insurance Corporation.

No customer individually accounted for 10% or more of the Company's revenue for the three and six months ended January 31, 2020 or 2019. No customer individually accounted for 10% or more of the Company's accounts receivable as of January 31, 2020 and July 31, 2019.

Accounts Receivable and Allowance for Doubtful Accounts and Revenue Reserves

Accounts receivable are recorded at invoiced amounts and do not bear interest. While the Company does not require collateral, the Company performs ongoing credit evaluations of its customers. The Company maintains an allowance for doubtful accounts based upon the expected collectability of its accounts receivable. The expectation of collectability is based on historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with delinquent accounts.

Revenue Recognition

The Company's revenue is derived from contracts with customers. The majority of the Company's revenue is derived from licensing arrangements that can span multiple years, subscriptions to our cloud services, and implementation and other professional services arrangements. The Company accounts for revenue in accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"), which the Company adopted on August 1, 2018. The Company recorded a net increase to retained earnings of $44.3 million as of August 1, 2018 due to the cumulative impact of adopting ASC 606 using the modified retrospective method. Refer to Note 1 to the consolidated financial statements included in the Company's 2018 Form 10-K/A for a description of the Company's revenue recognition policy prior to August 1, 2018.

The core principle of ASC 606 is to recognize revenue upon the transfer of services or products to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or products. The Company applies the following framework to recognize revenue:

Identification of the contract, or contracts, with the customer

The Company considers the terms and conditions of written contracts and its customary business practices in identifying its contracts under ASC 606. The Company determines it has a contract with a customer when the contract is approved, the Company can identify each party's rights regarding the services and products to be transferred, the Company can identify the payment terms for the services and products, the Company has determined that the customer has the ability and intent to pay, and the contract has commercial substance. In general, contract terms will be reflected in a written document that is signed by both parties. At contract inception, the Company evaluates whether two or more contracts should be combined and accounted for as a single contract. The Company also evaluates the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit and financial information pertaining to the customer.

Contracts may be modified to account for changes in contract scope or price. The Company considers contract modifications to exist when the modification either creates new rights or obligations or changes the existing enforceable rights and obligations of either party. Contract modifications for products and services that are distinct from the existing contract and

are priced commensurate with their standalone selling price are treated as separate contracts, and are accounted for prospectively. Contract modifications for products and services that are distinct but are not priced commensurate with their standalone selling price or are not distinct from the existing contract may affect the initial transaction price or the allocation of the transaction price to the performance obligations in the contract. In such cases, revenue recognized may be adjusted.

Identification of the performance obligation in the contract

Performance obligations promised in a contract are identified based on the services or products that will be transferred to the customer that are both:

- capable of being distinct, whereby the customer can benefit from the service or product either on its own or together with other resources that are readily available from the Company or third parties, and

- distinct in the context of the contract, whereby the transfer of the service or product is separately identifiable from other promises in the contract.

To the extent a contract includes multiple promised services or products, the Company applies judgment to determine whether promised services or products are capable of being distinct and distinct in the context of the contract. If these criteria are not met, the promised services or products are accounted for as a combined performance obligation.

The Company generates revenue from the following sources, which represent the performance obligations of the Company:

- Self-managed software licenses related to term or perpetual agreements;

- Maintenance activities that consist of email and phone support, bug fixes, and unspecified software updates and upgrades released when, and if, available during the maintenance term;

- Subscription services related to the Company’s Software-as-a-Service (“SaaS”) offerings; and

- Services related to the implementation and configuration of the Company’s software, reimbursable travel, and training.

Term licenses generally have a two-year initial term with a customer option to renew on an annual basis after the initial term. Maintenance for term licenses follows the same contract periods. Subscriptions are typically sold with a three- to five-year initial term with a customer option to renew on an annual basis after the initial term. Professional services typically are time and materials contracts that last for an average period of approximately one year.

Determination of the transaction price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services and products to the customer. Variable consideration is estimated and included in the transaction price if, in the Company’s judgment, it is probable that there will not be a significant future reversal of cumulative revenue under the contract.

Self-managed software licenses and subscription services may be subject to either fixed or variable installments. Variable installments are generally subject to changes in a customer’s Direct Written Premium (“DWP”) or a customer’s Gross Written Premium (“GWP”). When consideration is subject to variable installments, the Company estimates variable consideration using the expected value method based on historical DWP or GWP usage to the extent that a significant revenue reversal is not probable to occur. When consideration is subject to a customer termination right, the Company estimates the total transaction price using the most likely method, and defers consideration associated with the customer’s termination right until it expires.

The Company evaluates whether a significant financing component exists when the timing of revenue recognition occurs in advance of invoicing. This timing difference occurs when control of the software license is transferred at a point in time, usually at the contract onset, but the customer payments occur over time. A significant financing component generally does not exist under the Company’s standard contracting and billing practices. For example, the Company’s typical time-based licenses have a two-year initial term with the final payment due at the end of the first year.

Allocation of the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on its standalone selling price (“SSP”) in relation to the total fair value of all performance obligations in the arrangement. The majority of the Company’s contracts contain multiple performance obligations, such as when licenses are sold with maintenance, implementation services or training services. Some of the Company’s performance

obligations, such as maintenance, implementation services, and training services, have observable inputs that are used to determine the SSP of those distinct performance obligations. Where SSP is not directly observable, the Company determines the SSP using information that may include market conditions and other observable inputs. In the circumstances when available information to determine SSP is highly variable or uncertain, such as for our term licenses, the Company will use the residual method.

Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company recognizes revenue when control of the services or products are transferred to a customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or products. The Company is principally responsible for the satisfaction of its distinct performance obligations, which are satisfied either at a point in time or over a period of time.

Performance obligations satisfied at a point in time

Self-managed software licenses

Self-managed term and perpetual software licenses comprise the majority of distinct performance obligations that are satisfied at a point in time. Revenue is recognized at the point in which the self-managed software licenses are made available to a customer. Consideration for self-managed software licenses is typically billed in advance on an annual basis over the license term.

Performance obligations satisfied over a period of time

Subscriptions, maintenance activities, and professional service arrangements comprise the majority of distinct performance obligations that are satisfied over a period of time.

Subscription arrangements

Revenue from subscription arrangements is recognized ratably over the subscription period using a time-based measure of progress as customers receive the benefits from their subscriptions over the contractually agreed-upon term. The Company's subscription periods are generally three to five years. Consideration from subscription arrangements is typically billed in advance on an annual basis over the contract period.

Maintenance activities

Revenue from maintenance activities associated with self-managed licenses is a stand-ready obligation, which is recognized over the contractually agreed-upon term using a time-based measure of progress as customers receive benefits from the availability of support technicians over the support period. Consideration for maintenance activities is typically billed in advance on an annual basis. The Company's maintenance activities are consistently priced as a percentage of the associated self-managed software license.

Services

Revenue from professional service arrangements is recognized over the respective service period as the underlying services are performed.

In substantially all of the Company's professional service contracts, services are separately identifiable performance obligations for which related revenue and costs are recognized according to when each respective service obligation is delivered. Substantially all professional services engagements are billed and recognized on a time and materials basis. In select situations, the Company will contract professional services on a fixed fee basis, where the Company generally recognizes services revenue over time, using an input method. The measure of progress of the professional services being provided under these fixed fee arrangements is based on hours incurred compared to estimates of the total hours to complete the performance obligation.

When professional services are sold with a self-managed license or subscription arrangement, the Company evaluates whether the performance obligations are distinct or separately identifiable, or whether they constitute a single performance obligation. In the limited cases where professional services are not considered to be distinct from the self-managed license or subscription services, the Company will recognize revenue based on the nature and term of the combined performance obligation when control of the combined performance obligation is transferred to the customer.

Balance Sheet Presentation

Contracts with customers are reflected in the condensed consolidated balance sheets as follows:

- Accounts receivable, net represents amounts billed to customers in accordance with contract terms for which payment has not yet been received. It is presented net of the allowance for doubtful accounts and revenue reserves as part of current assets in the condensed consolidated balance sheets.

- Unbilled accounts receivable, net represents amounts that are unbilled due to agreed-upon contractual terms in which billing occurs subsequent to revenue recognition. This situation typically occurs when the Company transfers control of self-managed software licenses to customers up-front, but invoices customers annually over the term of the license, which is typically two years. Unbilled accounts receivable is classified as either current or non-current based on the duration of remaining time between the date of the condensed consolidated balance sheets and the anticipated due date of the underlying receivables. Under ASC 606, this balance represents contract assets. As of January 31, 2020, there was no allowance for doubtful accounts associated with unbilled accounts receivable.

- Contract costs include deferred commissions and their related payroll taxes, royalties, and referral fees. The short-term portion is presented as prepaid and other current assets. The long-term portion is presented as other assets.

- Deferred costs represent costs related to our professional services that have been deferred to align with revenue recognition. The short-term portion is presented as prepaid and other current assets. The long-term portion is presented as other assets.

- Deferred revenue, net represents amounts that have been invoiced and for which the Company has the right to bill, but that have not been recognized as revenue because the related products or services have not been transferred. Deferred revenue that will be realized during the 12-month period following the date of the condensed consolidated balance sheets is recorded as current. The remaining deferred revenue is recorded as non-current. Under ASC 606, this balance represents contract liabilities.

The Company may receive consideration from its customers in advance of performance on a portion of the contract and, on another portion of the contract, perform in advance of receiving consideration. Contract assets and liabilities related to rights and obligations in a contract are interdependent. Therefore, contract assets and liabilities are presented net at the contract level, as either a single contract asset or a single contract liability, in the consolidated balance sheets.

Remaining performance obligations represent contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. The Company excludes amounts related to professional services contracts that are on a time and materials basis from remaining performance obligations.

Contract Costs

Contract costs consists of two components, customer acquisition costs and costs to fulfill a contract.

Customer acquisition costs are capitalized only if the costs are incrementally incurred to obtain a customer contract, and mainly consist of sales commissions paid to sales personnel and their related payroll taxes, and referral fees. Contract costs are classified as either current or non-current based on the duration of time remaining between the date of the condensed consolidated balance sheets and the anticipated amortization date of the associated costs. Capitalized customer acquisition costs related to software licenses, subscriptions, and support services are amortized over the anticipated period of time that such goods and services are expected to be provided to a customer, which the Company estimates to be approximately five years. The amortization of customer acquisition costs is classified as a sales and marketing expense in the condensed consolidated statement of operations.

Costs to fulfill a contract, or fulfillment costs, mainly consist of royalties payable to third-party software providers that support both the Company's software offerings and support services. Fulfillment costs are only capitalized if they relate directly to a contract with a customer, the costs generate or enhance resources that will be used to satisfy performance obligations in the future, and the costs are expected to be recoverable. Fulfillment costs would be generally amortized over the same period of time as the customer acquisition costs. The amortization of fulfillment costs is classified as a cost of revenue in the condensed consolidated statement of operations.

Advertising Costs

Advertising costs are expensed as incurred and amounts incurred were not material during the three and six months ended January 31, 2020 and 2019.

Stock-Based Compensation

The Company accounts for stock-based compensation using the fair value method, which requires the Company to measure stock-based compensation based on the grant-date fair value of the awards and recognize the compensation expense over the requisite service period. The Company recognizes compensation expense net of actual forfeitures. To date, the Company has granted or assumed stock options, restricted stock awards ("RSAs"), time-based restricted stock units ("RSUs"), performance-based restricted stock units ("PSUs"), and restricted stock units that may be earned subject to the Company's total shareholder return ranking relative to the software companies in the S&P Software and Services Select Industry Index ("S&P Index") for a specified performance period or specified performance periods, service periods, and in select cases, subject to certain performance conditions ("TSR PSUs"). RSAs, RSUs, PSUs, and TSR PSUs are collectively referred to as "Stock Awards."

The fair value of the Company's RSAs, RSUs, and PSUs is equal to the market value of the Company's common stock on the date of grant. These awards are subject to time-based vesting, which generally occurs over a period of four years. The Company recognizes compensation expense for awards that contain only service conditions on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. The Company recognizes the compensation cost for awards that contain either performance conditions, market conditions, or both using the graded vesting method.

The fair value of the Company's stock options and TSR PSUs are estimated at the grant date using the Black-Scholes model and Monte Carlo simulation method, respectively. The assumptions utilized under these methods require judgments and estimates. Changes in these inputs and assumptions could affect the measurement of the estimated fair value of the related compensation expense of these stock options and stock awards. Compensation expense associated with TSR PSUs will be recognized over the vesting period regardless of whether the market condition is ultimately satisfied; however, the expense will be reversed if a grantee terminates prior to satisfying the requisite service period. For TSR PSUs containing an additional performance condition, a portion of the expense may fluctuate depending on estimates of the achievement of the performance conditions. All TSR PSUs will vest at the end of a three-year period.

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement carrying amounts and tax basis of existing assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. All deferred tax assets and liabilities are classified as non-current on the Company's condensed consolidated balance sheets. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance against deferred tax assets is recorded when it is more likely than not that some portion or all of such deferred tax assets will not be realized and is based on both positive and negative evidence about the future,

including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

The effective tax rate in any given financial statement period may differ materially from the statutory rate. These differences may be caused by changes in tax regulations and resulting changes in the deferred tax valuation allowance; changes in the mix and level of income or losses; changes in the expected outcome of tax audits; permanent differences for stock-based compensation, including excess tax benefits; research and development credits; the tax rate differences between the United States and foreign countries; foreign withholding taxes; certain non-deductible expenses, including executive compensation; acquisition-related expenses; and provisions under the Tax Cuts and Jobs Act (the “Tax Act”), including a provision to tax global intangible low-taxed income of foreign subsidiaries, a special deduction for foreign-derived intangible income, and a base erosion anti-abuse tax that may tax certain payments between a U.S. corporation and its foreign subsidiaries.

The Company records interest and penalties related to unrecognized tax benefits as income tax expense in its condensed consolidated statement of operations.

Recently Adopted Accounting Pronouncements

Leases

On August 1, 2019, the Company adopted ASC 842 using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application. Results and disclosure requirements for reporting periods beginning after August 1, 2019 are presented under ASC 842, while prior period amounts have not been adjusted and continue to be reported in accordance with our historical accounting under ASC 840, Leases ("ASC 840").

The Company elected the package of practical expedients permitted under the transition guidance, such that, for any leases that existed prior to August 1, 2019, the Company did not reassess the lease classification, whether contracts are or contain embedded leases, and the capitalization of initial direct costs. The Company also elected to combine lease and non-lease components for all leases and to keep leases with an initial term of 12 months or less off the balance sheet and recognize the associated lease payments in the condensed consolidated statement of operations on a straight-line basis over the lease term.

Upon adoption, the Company recognized total operating lease assets of $93.0 million, with corresponding lease liabilities of $111.7 million in the condensed consolidated balance sheets. The operating lease assets include adjustments for prepayments and lease incentives. The adoption did not impact opening retained earnings.

Income Statement, Reporting Comprehensive Income (Topic 220): Reclassification of Certain Effects from Accumulated Other Comprehensive Income

In February 2018, the Financial Accounting Standard Board ("FASB") issued ASU No. 2018-02, Income Statement, Reporting Comprehensive Income (Topic 220): Reclassification of Certain Effects from Accumulated Other Comprehensive Income, which allows a reclassification of stranded tax effects from accumulated other comprehensive income to retained earnings, as a result of the Tax Act. On August 1, 2019, the Company adopted this standard, which had an immaterial impact on retained earnings.

Recent Accounting Pronouncements Not Yet Adopted

Intangibles, Goodwill and Other (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract

In August 2018, the FASB issued ASU No. 2018-15, Intangibles, Goodwill and Other (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract (“ASU 2018-15”), which requires implementation costs incurred in cloud computing arrangements to be deferred and recognized over the term of the arrangement, if those costs would be capitalized in a software licensing arrangement under the internal-use software guidance in ASC 350-40. ASU 2018-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, with early adoption permitted. The Company is in the process of evaluating the impact of adopting the new standard for its 2021 fiscal year and subsequent periods.

Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13 (ASU 2016-13), Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses related to available-for-sale debt securities to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. These

changes will result in earlier recognition of credit losses. ASU 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, with early adoption permitted. The Company is in the process of evaluating the impact of adopting the new standard for its 2021 fiscal year and subsequent periods.

Other recent accounting pronouncements that are or will be applicable to the Company did not, or are not expected to, have a material impact on the Company's present or future financial statements.

2. Revenue

Disaggregation of Revenue

Revenue by revenue type and by geography is as follows (in thousands):

	Three Months Ended January 31, 2020			
	License and subscription	Maintenance	Services	Total
Geography:				
United States	$ 57,835	$ 13,832	$ 34,731	$ 106,398
Canada	11,053	1,695	1,468	14,216
Other Americas	2,180	1,133	2,453	5,766
Total Americas	71,068	16,660	38,652	126,380
United Kingdom	9,964	1,194	1,270	12,428
Other EMEA	9,156	1,719	3,897	14,772
Total EMEA	19,120	2,913	5,167	27,200
Total APAC	14,766	1,543	3,569	19,878
Total revenue	$ 104,954	$ 21,116	$ 47,388	$ 173,458

	Three Months Ended January 31, 2019			
	License and subscription	Maintenance	Services	Total
Geography:				
United States	$ 59,361	$ 13,291	$ 41,561	$ 114,213
Canada	8,337	2,272	2,514	13,123
Other Americas	385	1,100	1,581	3,066
Total Americas	68,083	16,663	45,656	130,402
United Kingdom	7,146	1,178	3,053	11,377
Other EMEA	7,170	1,749	7,801	16,720
Total EMEA	14,316	2,927	10,854	28,097
Total APAC	4,314	1,674	4,047	10,035
Total revenue	$ 86,713	$ 21,264	$ 60,557	$ 168,534

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	Six Months Ended January 31, 2020			
	License and subscription	Maintenance	Services	Total
Geography:				
United States	$ 105,219	$ 27,561	$ 72,062	$ 204,842
Canada	22,829	3,455	2,717	29,001
Other Americas	2,414	2,218	4,621	9,253
Total Americas	130,462	33,234	79,400	243,096
United Kingdom	16,377	2,401	3,584	22,362
Other EMEA	12,563	3,378	9,946	25,887
Total EMEA	28,940	5,779	13,530	48,249
Total APAC	27,975	3,074	8,074	39,123
Total revenue	$ 187,377	$ 42,087	$ 101,004	$ 330,468

	Six Months Ended January 31, 2019			
	License and subscription	Maintenance	Services	Total
Geography:				
United States	$ 97,896	$ 26,412	$ 85,000	$ 209,308
Canada	18,170	4,421	5,231	27,822
Other Americas	973	2,181	3,502	6,656
Total Americas	117,039	33,014	93,733	243,786
United Kingdom	15,633	2,309	5,753	23,695
Other EMEA	24,546	3,612	17,301	45,459
Total EMEA	40,179	5,921	23,054	69,154
Total APAC	24,175	3,332	8,342	35,849
Total revenue	$ 181,393	$ 42,267	$ 125,129	$ 348,789

No country or region, other than those presented above, accounted for more than 10% of revenue during the three and six months ended January 31, 2020 and 2019.

Revenue by major product or service type is as follows (in thousands):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
License and subscription				
Term license	$ 74,270	$ 71,591	$ 128,448	$ 150,928
Subscription	28,642	14,770	56,838	30,113
Perpetual license	2,042	352	2,091	352
Maintenance	21,116	21,264	42,087	42,267
Services	47,388	60,557	101,004	125,129
Total revenue	$ 173,458	$ 168,534	$ 330,468	$ 348,789

Customer Contract - Related Balance Sheet Amounts

Amounts related to customer contract-related arrangements are included in the condensed consolidated balance sheets as follows (in thousands):

	January 31, 2020	July 31, 2019
Unbilled accounts receivable, net	$ 63,121	$ 46,103
Contract costs, net	30,157	30,390
Deferred revenue, net	(108,248)	(131,831)

Contract costs

The current portion of contract costs in the amount of $7.9 million and $7.0 million is included in prepaid and other current assets in the Company's condensed consolidated balance sheets as of January 31, 2020 and July 31, 2019, respectively. The non-current portion of contract costs in the amount of $22.2 million and $23.4 million is included in other assets in the Company's condensed consolidated balance sheets as of January 31, 2020 and July 31, 2019, respectively. The Company amortized $2.0 million and $1.3 million of contract costs during the three months ended January 31, 2020 and 2019, respectively, and $3.4 million and $2.4 million during the six months ended January 31, 2020 and 2019, respectively.

Deferred revenue

During the three and six months ended January 31, 2020, the Company recognized revenue of $24.7 million and $59.0 million, respectively, related to the Company's deferred revenue balance reported as of July 31, 2019.

Performance Obligations

The aggregate amount of consideration allocated to performance obligations either not satisfied or partially satisfied was $384.1 million as of January 31, 2020. Subscription services are typically satisfied over three to five years, maintenance services are generally satisfied within one year, and professional services are typically satisfied within one year. Professional services under time and material contracts are not included in the performance obligations calculation as these arrangements can be cancelled at any time.

3. Fair Value of Financial Instruments

Available-for-sale investments within cash equivalents and investments consist of the following (in thousands):

	January 31, 2020			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. Government agency securities	$ 59,083	$ 67	$ (5)	$ 59,145
Commercial paper	206,291	—	—	206,291
Corporate bonds	653,011	2,275	(17)	655,269
U.S. Government bonds	142,113	231	—	142,344
Asset-backed securities	60,342	164	—	60,506
Foreign government bonds	10,870	4	—	10,874
Certificates of deposit	43,243	—	—	43,243
Money market funds	93,758	—	—	93,758
Total	$ 1,268,711	$ 2,741	$ (22)	$ 1,271,430

	July 31, 2019			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. Government agency securities	$ 55,904	$ 4	$ (29)	$ 55,879
Commercial paper	239,333	—	—	239,333
Corporate bonds	666,087	1,612	(111)	667,588
U.S. Government bonds	130,530	94	(29)	130,595
Certificates of deposit	50,796	—	—	50,796
Money market funds	115,711	—	—	115,711
Total	$ 1,258,361	$ 1,710	$ (169)	$ 1,259,902

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses, aggregated by investment category and the length of time that individual securities have been in an unrealized loss position (in thousands):

	January 31, 2020					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Government agency securities	$ 9,995	$ (5)	$ —	$ —	$ 9,995	$ (5)
Corporate bonds	9,810	(17)	—	—	9,810	(17)
Total	$ 19,805	$ (22)	$ —	$ —	$ 19,805	$ (22)

As of January 31, 2020, the Company had 8 investments in a gross unrealized loss position. The unrealized losses on its available-for-sale securities were primarily a result of unfavorable changes in interest rates subsequent to the initial purchase of these securities. The Company does not intend to sell, nor does it believe it will need to sell, these securities before recovering the associated unrealized losses. The Company does not consider any portion of the unrealized losses at January 31, 2020 to be other-than-temporarily impaired, nor are any unrealized losses considered to be credit losses. The Company has recorded the securities at fair value in its condensed consolidated balance sheets, with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss). The amount of realized gains and losses reclassified into earnings are based on the specific identification of the securities sold. The realized gains and losses from sales of securities in the periods presented were not material.

The following table summarizes the contractual maturities of the Company's available-for-sale investments measured at fair value (in thousands):

	January 31, 2020		
	Less Than 12 Months	12 Months or Greater	Total
U.S. Government agency securities	$ 15,391	$ 43,754	$ 59,145
Commercial paper	206,291	—	206,291
Corporate bonds	498,957	156,312	655,269
U.S. Government bonds	113,989	28,355	142,344
Asset-backed securities	22,360	38,146	60,506
Foreign government bonds	10,874	—	10,874
Certificates of deposit	35,247	7,996	43,243
Money market funds	93,758	—	93,758
Total	$ 996,867	$ 274,563	$ 1,271,430

Fair Value Measurement

Accounting guidance for fair value measurements defines a three-level valuation hierarchy for disclosures as follows:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs other than quoted prices included within Level 1 that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3—Unobservable inputs that are supported by little or no market activity, which require the Company to develop its own assumptions.

Available-for-sale investments

The following tables summarize the Company's available-for-sale investments measured at fair value on a recurring basis, by level within the fair value hierarchy (in thousands):

	January 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash equivalents:				
Commercial paper	$ —	$ 66,170	$ —	$ 66,170
Money market funds	93,758	—	—	93,758
Total cash equivalents	93,758	66,170	—	159,928
Short-term investments:				
U.S. Government agency securities	—	15,391	—	15,391
Commercial paper	—	140,121	—	140,121
Corporate bonds	—	498,957	—	498,957
U.S. Government bonds	—	113,989	—	113,989
Asset-backed securities	—	22,360	—	22,360
Foreign government bonds	—	10,874	—	10,874
Certificates of deposit	—	35,247	—	35,247
Total short-term investments	—	836,939	—	836,939
Long-term investments:				
U.S. Government agency securities	—	43,754	—	43,754
Corporate bonds	—	156,312	—	156,312
U.S. Government bonds	—	28,355	—	28,355
Asset-backed securities	—	38,146	—	38,146
Certificates of deposit	—	7,996	—	7,996
Total long-term investments	—	274,563	—	274,563
Total	$ 93,758	$ 1,177,672	$ —	$ 1,271,430

	July 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Commercial paper	$ —	$ 56,132	$ —	$ 56,132
Corporate bonds	—	4,398	—	4,398
Money market funds	115,712	—	—	115,712
Total cash equivalents	115,712	60,530	—	176,242
Short-term investments:				
U.S. Government agency securities	—	39,166	—	39,166
Commercial paper	—	183,201	—	183,201
Corporate bonds	—	477,169	—	477,169
U.S. Government bonds	—	123,600	—	123,600
Certificates of deposit	—	47,000	—	47,000
Total short-term investments	—	870,136	—	870,136
Long-term investments:				
U.S. Government agency securities	—	16,713	—	16,713
Corporate bonds	—	186,021	—	186,021
U.S. Government bonds	—	6,994	—	6,994
Certificates of deposit	—	3,796	—	3,796
Total long-term investment	—	213,524	—	213,524
Total	$ 115,712	$ 1,144,190	$ —	$ 1,259,902

Convertible Senior Notes

The fair value of the Convertible Senior Notes was $472.0 million at January 31, 2020 and $454.1 million at July 31, 2019. The Company estimates the fair value of the Convertible Senior Notes using commonly accepted valuation methodologies and market-based risk measurements that are directly observable, such as unadjusted quoted prices (Level 2). The Company carries the Convertible Senior Notes at initial fair value less unamortized debt discount and issuance costs on its condensed consolidated balance sheets. For further information on the Convertible Senior Notes, see Note 6.

4. Balance Sheet Components

Accounts Receivables

Accounts receivable, net consists of the following (in thousands):

	January 31, 2020	July 31, 2019
Accounts receivable	$ 103,012	$ 139,884
Allowance for doubtful accounts and revenue reserves	(1,841)	(1,441)
Accounts receivable, net	$ 101,171	$ 138,443

Allowance for Doubtful Accounts and Revenue Reserves

Changes to the allowance for doubtful accounts and revenue reserves consists of the following (in thousands):

Allowance, July 31, 2019	$ 1,441
Charges to bad debt and revenue reserves	878
Write-offs, net	(478)
Allowance, January 31, 2020	$ 1,841

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	January 31, 2020	July 31, 2019
Prepaid expenses	$ 16,112	$ 11,926
Contract costs	7,912	7,015
Deferred costs	7,806	7,030
Deposits and other receivables	9,284	9,595
Prepaid expenses and other current assets	$ 41,114	$ 35,566

Property and Equipment, net

Property and equipment consist of the following (in thousands):

	January 31, 2020	July 31, 2019
Computer hardware	$ 19,165	$ 17,799
Purchased software	5,464	6,741
Capitalized software development costs	9,035	7,374
Equipment and machinery	11,462	10,455
Furniture and fixtures	9,314	8,137
Leasehold improvements	50,929	48,191
Total property and equipment	105,369	98,697
Less accumulated depreciation	(38,696)	(32,888)
Property and equipment, net	$ 66,673	$ 65,809

As of January 31, 2020 and July 31, 2019, no property and equipment was pledged as collateral. Depreciation expense, excluding the amortization of software development costs, was $3.8 million and $2.3 million for the three months ended January 31, 2020 and 2019, respectively, and was $7.2 million and $4.4 million for the six months ended January 31, 2020 and 2019, respectively.

The Company capitalizes software development costs for technology applications that the Company will offer solely as cloud-based subscriptions, which is primarily comprised of compensation for employees who are directly associated with the software development projects. The Company begins amortizing the capitalized software development costs once the technology applications are available for general release and amortizes those costs over the estimated lives of the applications, which typically ranges from three to five years. The Company recognized approximately $0.3 million and $0.3 million in amortization expense in cost of revenue - license and subscription on the condensed consolidated statements of operations during the three months ended January 31, 2020 and 2019, respectively, and $0.5 million and $0.6 million during the six months ended January 31, 2020 and 2019, respectively.

Goodwill and Intangible Assets

Changes in the carrying amount of goodwill was as follows (in thousands):

Goodwill, July 31, 2019	$ 340,877
Changes in carrying value	—
Goodwill, January 31, 2020	$ 340,877

The Company's intangible assets are amortized over their estimated useful lives. Intangible assets consist of the following (in thousands):

		January 31, 2020			July 31, 2019		
	Remaining Weighted-Average Useful Life (in years)	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Intangible assets:							
Acquired technology	2.0	$ 93,600	$ 63,859	$ 29,741	$ 93,600	$ 53,970	$ 39,630
Customer contracts and related relationships	4.2	35,700	15,533	20,167	35,700	12,566	23,134
Partner relationships	5.2	200	85	115	200	74	126
Trademarks	4.8	2,500	804	1,696	2,500	625	1,875
Order backlog	1.1	8,700	7,786	914	8,700	6,923	1,777
Total intangible assets	2.9	$ 140,700	$ 88,067	$ 52,633	$ 140,700	$ 74,158	$ 66,542

Amortization expense was $6.7 million and $7.3 million for the three months ended January 31, 2020 and 2019, respectively, and was $13.9 million and $14.6 million for the six months ended January 31, 2020 and 2019, respectively. The future amortization expense for existing intangible assets as of January 31, 2020, based on their current useful lives, is as follows (in thousands):

	Future Amortization
Fiscal year ending July 31,	
2020 (remainder of fiscal year)	$ 12,926
2021	19,965
2022	11,143
2023	3,799
2024	2,379
Thereafter	2,421
Total future amortization expense	$ 52,633

Other assets

Other assets consist of the following (in thousands):

	January 31, 2020	July 31, 2019
Prepaid expenses	$ 2,914	$ 2,640
Contract costs	22,245	23,375
Deferred costs	7,261	8,867
Strategic investment	10,672	10,672
Other assets	$ 43,092	$ 45,554

The Company's other assets includes a strategic equity investment in a privately-held company. The strategic investment is a non-marketable equity security, in which the Company does not have a controlling interest or the ability to exercise significant influence. This investment does not have a readily determinable market value. The Company records this strategic investment at cost less impairment and adjusts the carrying value of the asset for subsequent observable price changes. As of January 31, 2020 and July 31, 2019, there were no changes in the investment's carrying value of $10.7 million.

Accrued Employee Compensation

Accrued employee compensation consists of the following (in thousands):

	January 31, 2020	July 31, 2019
Bonus	$ 18,072	$ 37,628
Commission	1,491	10,317
Vacation	14,361	14,511
Salaries, payroll taxes and benefits	10,501	10,909
Total accrued employee compensation	$ 44,425	$ 73,365

Other Current Liabilities

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

	January 31, 2020	July 31, 2019
Lease liabilities	$ 9,824	$ —
Accrued royalties	5,574	5,573
Accrued taxes	3,175	4,413
Other	4,557	6,362
Other current liabilities	$ 23,130	$ 16,348

5. Net Income (Loss) Per Share

The following table sets forth the computation of the Company's basic and diluted net income (loss) per share (in thousands, except share and per share amounts):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Numerator:				
Net income (loss)	$ (19,944)	$ (1)	$ (34,935)	$ 6,308
Net income (loss) per share:				
Basic	$ (0.24)	$ —	$ (0.42)	$ 0.08
Diluted	$ (0.24)	$ —	$ (0.42)	$ 0.08
Denominator:				
Weighted average shares used in computing net income (loss) per share:				
Basic	82,725,641	81,217,511	82,543,267	81,058,562
Weighted average effect of dilutive stock options	—	—	—	280,481
Weighted average effect of dilutive stock awards	—	—	—	950,730
Diluted	82,725,641	81,217,511	82,543,267	82,289,773

The following weighted shares outstanding of potential common stock were excluded from the computation of diluted loss per share for the periods presented because including them would have been anti-dilutive:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Stock options to purchase common stock	186,462	—	196,691	—
Stock awards	2,764,722	923,640	2,695,366	660,386

Since the Company has the intent and ability to settle the principal amount of the Convertible Senior Notes in cash and any excess in shares of the Company's common stock, the Company uses the treasury stock method for calculating any potential dilutive effect of the conversion spread on diluted net income per share, if applicable. The conversion spread will have a dilutive impact on net income (loss) per share of common stock when the average market price of the Company's common stock for a given period exceeds the conversion price of $113.75 per share for the Convertible Senior Notes. During the three and six months ended January 31, 2020 and 2019, the Company's weighted average common stock price was below the conversion price of the Convertible Senior Notes.

6. Convertible Senior Notes

In March 2018, the Company offered and sold $400.0 million aggregate principal amount of its 1.25% Convertible Senior Notes due 2025. The Convertible Senior Notes were issued in accordance with the Indenture, dated as of March 13, 2018, between the Company and U.S. Bank National Association, as trustee (the "Trustee") (the "Base Indenture"), as amended and supplemented by the First Supplemental Indenture, dated as of March 13, 2018, between the Company and the Trustee (together with the Base Indenture, the "Indenture"). The net proceeds from the issuance of the Convertible Senior Notes were $387.2 million, after deducting issuance costs.

The Convertible Senior Notes are unsecured obligations of the Company, and interest is payable semi-annually in arrears at a rate of 1.25% per year, on March 15th and September 15th of each year, from September 15, 2018. The Convertible Senior Notes will mature on March 15, 2025 unless repurchased, redeemed, or converted prior to such date. Prior to the close of business on the business day immediately preceding October 15, 2024, the Convertible Senior Notes are convertible at the option of holders during certain periods, upon satisfaction of certain conditions. On or after October 15, 2024, the Convertible Senior Notes are convertible at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The Convertible Senior Notes will have an initial conversion rate of 8.7912 shares of common stock per $1,000 principal (equivalent to an initial conversion price of approximately $113.75 per share of its common stock). The conversion rate is subject to customary adjustments upon the occurrence of certain events but will not be adjusted for any accrued and unpaid interest. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at its election.

The Company may redeem the Convertible Senior Notes, at its option, on or after March 20, 2022, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including at least one of the three trading days immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption. No sinking fund is provided for the Convertible Senior Notes. Upon the occurrence of a fundamental change (as defined in the Indenture) prior to the maturity date, holders may require the Company to repurchase all or a portion of the Convertible Senior Notes for cash at a price equal to 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Convertible Senior Notes rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the Convertible Senior Notes, and equal in right of payment to any of its indebtedness that is not so subordinated. The Convertible Senior Notes are effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) and any preferred equity of its current or future subsidiaries.

In accounting for the issuance of the Convertible Senior Notes, the Company separated the Convertible Senior Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the Convertible Senior Notes as a whole. The excess of the principal amount of the Convertible Senior Notes over its carrying amount is amortized to interest expense using the effective interest method over the term of the Convertible Senior Notes. The equity component of the Convertible Senior Notes is recorded as the difference between the initial proceeds less the fair value of the liability component and will not be remeasured as long as it continues to meet the requirements for equity classification. The equity component is net of issuance costs and recorded as additional paid-in capital in stockholders' equity.

The net carrying value of the liability component, unamortized debt discount and issuance costs of the Convertible Senior Notes was as follows (in thousands):

	January 31, 2020	July 31, 2019
Principal	$ 400,000	$ 400,000
Less unamortized:		
Debt discount	68,434	74,213
Debt issuance cost	7,890	8,465
Net carrying amount	$ 323,676	$ 317,322

The effective interest rate of the liability is 5.53%. The following table sets forth the interest expense recognized related to the Convertible Senior Notes (in thousands, except for percentages):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Contractual interest expense	$ 1,250	$ 1,250	$ 2,500	$ 2,500
Amortization of debt discount	2,907	2,765	5,779	5,495
Amortization of debt issuance costs	291	262	575	517
Total	$ 4,448	$ 4,277	$ 8,854	$ 8,512

Capped Call

In March 2018, the Company paid $37.2 million to purchase capped calls with certain financial institutions pursuant to capped call confirmations (the "Capped Calls"). The Capped Calls have an initial strike price of $113.75 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Convertible Senior Notes. The Capped Calls have initial cap prices of $153.13 per share, subject to certain adjustments. The Capped Calls cover, subject to anti-dilution adjustments, 3.5 million shares of common stock. By entering into the Capped Calls, the Company expects to reduce the potential dilution to its common stock (or, in the event the conversion is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion its stock price exceeds the conversion price under the Convertible Senior Notes. The Capped Calls are subject to either adjustment or termination upon the occurrence of specified extraordinary events affecting the Company, including a merger event, tender offer, and a nationalization, insolvency, or delisting involving the Company. Additionally, the Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the Capped Calls, including change in law, insolvency filing, and hedging disruptions. The Capped Calls were recorded as a reduction of the Company's additional paid-in capital in the condensed consolidated balance sheets in the period purchased.

7. Leases

The Company's lease obligations consist of operating leases for office facilities and equipment, with lease periods expiring between fiscal years 2020 and 2030. Some leases include one or more options to renew. Lease renewals are not assumed in the determination of the lease term until the exercise of the renewal option is deemed to be reasonably certain.

Components of operating lease costs were as follows (in thousands):

	Three Months Ended January 31, 2020	Six Months Ended January 31, 2020
Operating lease cost[(1)]	$ 3,844	$ 7,742
Variable lease cost	1,110	2,635
Sublease income	(382)	(762)
Net operating lease cost	$ 4,572	$ 9,615

[(1)] Lease expense for leases with an initial term of 12 months or less is excluded from the table above and was $0.4 million and $0.6 million for the three and six months ended January 31, 2020, respectively.

Lease expense for all worldwide facilities and equipment based on the previous lease accounting standards, which was recognized on a straight-line basis over the terms of the various leases, was $3.6 million and $6.0 million for the three and six months ended January 31, 2019, respectively.

Future operating lease payments as of January 31, 2020 and July 31, 2019 were as follows (in thousands):

	January 31, 2020	July 31, 2019
2020 (remaining of fiscal year)	$ 8,096	$ 10,707
2021	16,304	15,571
2022	14,997	14,450
2023	13,393	13,344
2024	13,138	13,174
Thereafter	73,444	78,508
Total future lease payments	139,372	145,754
Less imputed interest	(27,465)	
Total lease liability balance	$ 111,907	

Supplemental information related to leases was as follows (in thousands, except for lease term and discount rate):

	January 31, 2020
Operating lease assets	$ 88,520
Current portion of lease liabilities	$ 9,824
Non-current portion of lease liabilities	102,083
Total lease liabilities	$ 111,907
Weighted average remaining lease term (years)	9.26
Weighted average discount rate	4.35 %

Supplemental cash and non-cash information related to operating leases was as follows (in thousands):

	Three Months Ended January 31, 2020	Six Months Ended January 31, 2020
Cash payments for operating leases	$ 2,989	$ 4,660
Operating lease assets obtained in exchange for lease liabilities	$ 6	$ 486

8. Commitments and Contingencies

There has been no material change in the Company's contractual obligations and commitments other than in the ordinary course of business since the Company's fiscal year ended July 31, 2019. See the Annual Report on Form 10-K for the fiscal year ended July 31, 2019 for additional information regarding the Company's contractual obligations.

Legal Proceedings

From time to time, the Company is involved in various legal proceedings and receives claims, arising from the normal course of business activities. The Company has not accrued for estimated losses in the accompanying condensed consolidated financial statements as the Company has determined that no provision for liability nor disclosure is required related to any claim against the Company because: (a) there is not a reasonable possibility that a loss exceeding amounts already recognized (if any) may be incurred with respect to such claim; (b) a reasonably possible loss or range of loss cannot be estimated; or (c) such estimate is immaterial. The Company has not recorded any accrual for claims as of January 31, 2020 or July 31, 2019. The Company expenses legal fees in the period in which they are incurred.

Indemnification

The Company sells software licenses and services to its customers under contracts ("Software Licenses"). Each Software License contains the terms of the contractual arrangement with the customer and generally includes certain provisions for defending the customer against any claims that the Company's software infringes upon a patent, copyright, trademark, or other proprietary right of a third party. Software Licenses also indemnify the customer against losses, expenses, and liabilities from damages that may be assessed against the customer in the event the Company's software is found to infringe upon such third-party rights.

The Company has not had to reimburse any of its customers for losses related to indemnification provisions and no material claims against the Company were outstanding as of January 31, 2020 or July 31, 2019. For several reasons, including the lack of prior indemnification claims and the lack of a monetary liability limit for certain infringement cases under various Software Licenses, the Company cannot estimate the amount of potential future payments, if any, related to indemnification provisions.

The Company has also agreed to indemnify its directors and executive officers for costs associated with any fees, expenses, judgments, fines, and settlement amounts incurred by any of these persons in any action or proceeding to which any of these persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by the Company, arising out of that person's services as the Company's director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that may enable the Company to recover a portion of any future amounts paid.

9. Stock-Based Compensation Expense and Shareholders' Equity

Stock-Based Compensation Expense

Stock-based compensation expense related to options and Stock Awards is included in the Company's condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Total stock-based compensation	$ 26,688	$ 24,329	$ 51,453	$ 47,539
Net impact of deferred stock-based compensation	48	43	(159)	168
Total stock-based compensation expense	$ 26,736	$ 24,372	$ 51,294	$ 47,707
Stock-based compensation expense was charged to the following categories:				
Cost of license and subscription revenue	$ 1,617	$ 535	$ 2,980	$ 869
Cost of maintenance revenue	457	558	907	1,092
Cost of services revenue	5,469	6,210	10,801	12,178
Research and development	6,668	6,440	12,849	12,846
Sales and marketing	5,996	5,074	11,153	9,695
General and administrative	6,529	5,555	12,604	11,027
Total stock-based compensation expense	$ 26,736	$ 24,372	$ 51,294	$ 47,707

Total unrecognized stock-based compensation cost related to options and Stock Awards were as follows:

	As of January 31, 2020	
	Unrecognized Expense	Weighted Average Expected Recognition Period
	(in thousands)	(in years)
Stock Options	$ 1,322	1.1
Stock Awards	229,480	2.6
	$ 230,802	

Stock Awards

A summary of the Company's Stock Awards activity under the Company's equity incentive plans is as follows:

	Stock Awards Outstanding		
	Number of Stock Awards Outstanding	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)[(1)]
Balance as of July 31, 2019	2,384,673	$ 85.20	$ 243,427
Granted	1,223,109	$ 109.47	
Released	(713,514)	$ 79.95	$ 80,270
Canceled	(242,434)	$ 84.45	
Balance as of January 31, 2020	2,651,834	$ 97.18	$ 298,331
Expected to vest as of January 31, 2020	2,651,834	$ 97.18	$ 298,331

(1) Aggregate intrinsic value at each period end represents the total market value of Stock Awards at the Company's closing stock price of $112.50 and $102.08 on January 31, 2020 and July 31, 2019, respectively. Aggregate intrinsic value for released Stock Awards represents the total market value of released Stock Awards at date of release.

Certain executives and employees of the Company received PSUs and TSR PSUs in addition to RSUs. The PSUs included performance-based conditions and vest over a four-year period. The TSR PSUs are subject to total shareholder return rankings relative to the software companies in the S&P Index for a specified performance period or specified performance periods, and vest at the end of three years. In select cases, certain TSR PSUs are also subject to performance-based conditions. The

Company recognized stock-based compensation of $3.8 million and $3.3 million related to these performance-based and market-based stock awards for the three months ended January 31, 2020 and 2019, respectively, and $7.3 million and $7.0 million for the six months ended January 31, 2020 and 2019, respectively.

Stock Options

Stock option activity under the Company's equity incentive plans is as follows:

	Stock Options Outstanding			
	Number of Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (1)
			(in years)	(in thousands)
Balance as of July 31, 2019	216,727	$ 34.10	5.2	$ 14,733
Granted	—			
Exercised	(46,853)	$ 26.47		$ 3,807
Canceled	(3,104)	$ 10.97		
Balance as of January 31, 2020	166,770	$ 36.68	5.0	$ 12,645
Vested and expected to vest as of January 31, 2020	166,770	$ 36.68	5.0	$ 12,645
Exercisable as of January 31, 2020	146,525	$ 40.21	4.7	$ 10,592

(1) Aggregate intrinsic value at each period end represents the difference between the Company's closing stock prices of $112.50 and $102.08 on January 31, 2020 and July 31, 2019, respectively, and the exercise price of outstanding options. Aggregate intrinsic value for exercised options represents the difference between the Company's stock price at date of exercise and the exercise price.

Valuation of Awards

TSR PSUs

The fair value of TSR PSUs is estimated at the date of grant using the Monte Carlo simulation model which included the following assumptions:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Expected term (in years)	*	*	2.90	2.88
Risk-free interest rate	*	*	1.5%	2.8%
Expected volatility of the Company	*	*	28.4%	27.2%
Average expected volatility of the peer companies in the S&P Index	*	*	37.0%	33.0%
Expected dividend yield	*	*	—%	—%

*There were no TSR PSUs granted during the three months ended January 31, 2020 and 2019.

The number of TSR PSUs that may ultimately vest will vary based on the relative performance of the Company's total shareholder return rankings relative to the software companies in the S&P Index for a specified performance period or specified performance periods. The Monte Carlo methodology incorporates into the valuation all possible outcomes, including that the Company's relative performance may result in no shares vesting. As a result, stock-based compensation expense is recognized regardless of the ultimate achievement of the plan's performance metrics. The expense will be reversed only in the event that a grantee is terminated prior to satisfying the requisite service period.

For a subset of TSR PSUs, the number of shares that may ultimately vest will vary based on the achievement of certain Company specific financial performance metrics in addition to the Company's total shareholder return condition noted above. As a result, the expense recognized will fluctuate based on the Company's estimated financial performance relative to the target financial performance metrics.

Common Stock Reserved for Issuance and Public Equity Offering

As of January 31, 2020 and July 31, 2019, the Company was authorized to issue 500,000,000 shares of common stock with a par value of $0.0001 per share and, of these, 82,872,382 and 82,140,883 shares of common stock were issued and outstanding, respectively. Per the terms of the Company's 2011 Stock Plan, on January first of each year, an additional number of shares equal to 5% of the number of shares of common stock issued and outstanding on the preceding December 31st may be added to the Company's 2011 Stock Plan reserve. The Company elected not to increase the number of shares of common stock available for grant under this plan for the current calendar year end. As of January 31, 2020 and July 31, 2019, the Company had reserved shares of common stock for future issuance as follows:

	January 31, 2020	July 31, 2019
Exercise of stock options to purchase common stock	166,770	216,727
Vesting of stock awards	2,651,834	2,384,673
Shares available under stock plans	23,757,203	24,776,361
Total common stock reserved for issuance	26,575,807	27,377,761

10. Income Taxes

The Company recognized an income tax expense of $4.2 million and an income tax benefit of $1.9 million for the three months ended January 31, 2020 and 2019, respectively, and an income tax benefit of $2.4 million and $4.6 million for the six months ended January 31, 2020 and 2019, respectively. The change in the amount of income tax recorded for each of the three and six months ended January 31, 2020 compared to the same periods a year ago was primarily due to the base erosion and anti-abuse tax ("BEAT") liability of $10.4 million recognized in the quarter ended January 31, 2020, of which $4.2 million relates to the current fiscal year and $6.2 million relates to the prior fiscal year, as a result of regulations issued by the Internal Revenue Service ("IRS") on December 2, 2019. The effective tax rate of (27)% and 7% for the three and six months ended January 31, 2020, respectively, differs from the statutory U.S. federal income tax rate of 21% mainly due to permanent differences for stock-based compensation, including excess tax benefits, research and development credits, certain non-deductible expenses including executive compensation, and BEAT.

During the three and six months ended January 31, 2020, unrecognized tax benefits increased by $0.3 million and $0.7 million, respectively. As of January 31, 2020, the Company had unrecognized tax benefits of $6.8 million that, if recognized, would affect the Company's effective tax rate.

In February 2020, the California Franchise Tax Board notified the Company that they will be reviewing fiscal year 2017 and 2018 state income tax returns.

11. Segment Information

The Company operates in one segment. The Company's chief operating decision maker (the "CODM"), its Chief Executive Officer, manages the Company's operations on a consolidated basis for purposes of allocating resources. When evaluating the Company's financial performance, the CODM reviews separate revenue information for the Company's term license, perpetual license, subscription, maintenance, and services offerings, while all other financial information is reviewed on a consolidated basis. The Company's principal operations and decision-making functions are located in the United States.

The Company's long-lived assets, including intangibles and goodwill, net by geographic region is as follows (in thousands):

	January 31, 2020	July 31, 2019
Americas	$ 453,848	$ 468,545
EMEA	4,623	4,633
APAC	1,712	50
Total	$ 460,183	$ 473,228

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the Risk Factors included in Item 1A of Part II of this Quarterly Report on Form 10-Q. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references in this report to particular years or quarters refer to our fiscal years ended in July and the associated quarters of those fiscal years. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Overview

We provide a technology platform, composed of software, services, and a partner ecosystem for the global Property and Casualty ("P&C") insurance industry.

Guidewire InsurancePlatform™ consists of the Guidewire Cloud and customer self-managed applications to support core operations, data management and analytics, and digital engagement, and is connected to numerous data sources and third-party applications. Our applications are designed to work together to strengthen our customers’ ability to adapt and succeed in a rapidly changing market. Guidewire InsuranceSuite™ and Guidewire InsuranceNow™ provide core transactional systems of record supporting the entire insurance life-cycle, including product definition, distribution, underwriting, policy-holder services, and claims management. Guidewire InsuranceSuite is a highly configurable and scalable system primarily comprised of three applications (PolicyCenter, BillingCenter, and ClaimCenter) that can be licensed separately or together and can be self-managed or deployed in the cloud. Guidewire InsuranceNow is a cloud-based system that offers policy, billing, and claims management functionality to insurers that prefer an all-in-one solution. Our data and analytics applications enable insurers to manage data more effectively, gain insights into their business, and underwrite new and evolving risks. Our digital engagement applications enable digital sales, omni-channel service and enhanced claims experiences for policyholders, agents, vendor partners, and field personnel. To support P&C insurers globally, we have localized, and will continue to localize, our software for use in a variety of international regulatory, language, and currency environments.

We sell our products to a wide variety of global P&C insurers ranging from some of the largest global insurance carriers or their subsidiaries to national and regional carriers. Our customer engagement is led by our direct sales team and supported by our system integrator (“SI”) partners. We maintain and continue to grow our sales and marketing efforts globally, and maintain regional sales centers in the Americas, Europe and Asia. Strong customer relationships are a key driver of our success given the long-term nature of our engagements and the importance of customer references for new sales. We continue to focus on deepening our customer relationships through continued successful product implementations, robust product support, strategic engagement on new products and technologies, and ongoing account management.

Our sales cycles for new and existing customers remain protracted as customers are deliberate and the decision making and product evaluation process is long. These evaluation periods can extend further if the customer purchases multiple products or assesses the benefits of a cloud-based subscription in addition to our more traditional self-managed licensing models. Sales to new customers also involve extensive customer due diligence and reference checks. We must earn credibility with each implementation, market products that have been acquired or newly introduced, and expand the ways we deliver our software. The success of our sales efforts relies on continued improvements and enhancements to our current products, the introduction of new products, efficient operation of our cloud infrastructure, and the continued development of relevant local content and the automated tools that we believe are optimal for updating that content.

Historically, we primarily licensed our software under term license contracts. We generally price our licenses based on the amount of direct written premiums (“DWP”) that will be managed by our solutions. Our term license and maintenance fees are typically invoiced annually in advance. Substantially all term licenses are sold with an initial two-year committed term with optional annual renewals commencing after the initial term. A small portion of our revenue is derived from perpetual licenses. Term and perpetual license revenue are typically recognized when software is made available to the customer, provided that all other revenue recognition criteria have been met.

We also offer cloud-based subscriptions. Generally, these subscriptions have an initial term of three to five years, and are typically billed annually in advance, although in some instances additional fees may be assessed in arrears as customers increase their DWP. Revenue derived from these subscriptions is recognized ratably over the contractual term beginning after the subscription is effectively provisioned, which is the date our software service is made available to customers. We anticipate that subscriptions will be a majority of annual new sales going forward. As a result of the ratable recognition of revenue associated with subscriptions, a significant shift from term licenses to subscriptions will adversely affect our reported revenue

growth. As this sales model matures, we may decide to change certain contract terms in new arrangements to remain competitive or otherwise meet market demands.

To extend our technology leadership in the global market and to drive operating efficiency, we continue to invest in product development and cloud operations to enhance and improve our current products, introduce new products, and advance our ability to cost-effectively deliver each of our products in the cloud. Continued investment is critical as we seek to assist our customers in achieving their technology goals, maintain our competitive advantage, grow our revenue, expand internationally, and meet evolving customer demands. In certain cases, we may also acquire skills and technologies to manage our cloud infrastructure and accelerate our time to market for new products and solutions.

Our track record of success with customers and their implementations is central to maintaining our strong competitive position. We rely on our services teams and SI partners to meet our customers' implementation needs. Our services organization is comprised of on-site, near-shore, and off-shore technical experts. The services organization seeks to ensure that teams with the right combination of product and language skills are used in the most efficient way. Our partnerships with leading SIs allow us to increase efficiency and scale while reducing customer implementation costs. Our extensive relationships with SIs and industry partners have strengthened and expanded in line with the interest in and adoption of our products and services. We encourage our partners to co-market, pursue joint sales initiatives, and drive broader adoption of our technology, helping us grow our business more efficiently. We continue to grow our services organization and invest time and resources to increase the number of qualified consultants employed by our SI partners, develop relationships with new SIs in existing and new markets, and ensure that all partners are qualified to assist with implementing our products.

We face a number of risks in the execution of our strategy including risks related to expanding to new markets, managing lengthy sales cycles, competing effectively in the global market, relying on sales to a relatively small number of large customers, developing new or acquiring existing products successfully, migrating our business towards a subscription model with ratable revenue recognition, increasing the overall adoption of our products, and managing the infrastructure for our cloud-based customers. In response to these and other risks we might face, we continue to invest in many areas of our business. Our investments in sales and marketing align with our goal of winning new customers in both existing and new markets, and enable us to maintain a persistent, consultative relationship with our existing customers. Our investments in product development are designed to meet the evolving needs of our customers. Our investments in services are designed to ensure customer success by committing additional resources to both self-managed and cloud-based implementation projects. Our investments in cloud operations are focused on managing the infrastructure for our cloud-based customers in a secure, efficient, and cost-effective manner.

Seasonality

We have experienced seasonal variations in our license and subscription revenue as a result of increased customer orders in our fourth fiscal quarter. We see significantly increased orders in our fourth fiscal quarter, which is the quarter ending July 31, due to efforts by our sales team to achieve annual incentives. Additionally, the adoption of new revenue guidance in fiscal 2019, also referred to as ASC 606, could heighten or change the seasonal impact on our new term licenses that are multi-year in nature with more revenue recognized upfront upon delivery of our software. Historically, we have seen a modest increase in orders in our second fiscal quarter, which is the quarter ending January 31, due to customer buying patterns. This seasonal pattern, however, may be absent in any given year. For example, in the first quarter of fiscal year 2019, we experienced license revenue growth due to a 10-year term license deal under which revenue was recognized upfront in the first quarter of fiscal year 2019 under ASC 606, which overshadowed the usual positive seasonal impact in our second quarter of fiscal year 2019 and set up a challenging comparable period for the first quarter of fiscal year 2020. On an annual basis, our maintenance revenue, which is recognized ratably, may also be impacted in the event that seasonal patterns change significantly. Additionally, as subscriptions increase as a percentage of total sales, the revenue we can recognize in the initial fiscal year of an order will be reduced, deferred revenue will increase, and our reported revenue growth will be adversely affected in the near term due to the ratable nature of these arrangements. The seasonal nature of our sales and the concentration of such sales in our fiscal fourth quarter increases this impact.

Our services revenue is also subject to seasonal fluctuations, though to a lesser degree than our license revenue. Our services revenue is impacted by the number of billable days in a given fiscal quarter. The quarter ending January 31 usually has fewer billable days due to the impact of the Thanksgiving, Christmas, and New Year's holidays. The fiscal quarter ending July 31 usually has fewer billable days due to the impact of vacations taken by our professional staff. Because we pay our services professionals the same amount throughout the year, our gross margins on our services revenue is usually lower in these quarters. This seasonal pattern, however, may be absent in any given year.

Key Business Metrics

We use certain key metrics and financial measures not prepared in accordance with United States Generally Accepted Accounting Principles (“GAAP”) to evaluate and manage our business, including Free Cash Flow and Annual Recurring Revenue ("ARR"). For a further discussion of how we use key metrics and certain non-GAAP financial measures, see “Non-GAAP Financial Measures.”

Free Cash Flow

We monitor our free cash flow, as a key measure of our overall business performance, which enables us to analyze our financial performance without the effects of certain non-cash items such as depreciation, amortization, and stock-based compensation expenses. Additionally, free cash flow takes into account the impact of changes in deferred revenue, which reflects the receipt of cash payment for products before they are recognized as revenue, and unbilled accounts receivable, which reflects revenue that has been recognized that has yet to be invoiced to our customers. Our net cash provided by (used in) operating activities is significantly impacted by the timing of invoicing and collections of accounts receivable, the timing and amount of annual bonus payments, as well as payroll and tax payments. Our capital expenditures consists of purchases of property and equipment, primarily computer hardware, software, and leasehold improvements, and capitalized software development costs. Free cash flow was impacted by $7.6 million and $6.9 million related to the build out and furnishing of our corporate headquarters in San Mateo, California for the six months ended January 31, 2020 and 2019, respectively. For a further discussion of our operating cash flows, see “Liquidity and Capital Resources - Cash Flows.”

	Six Months Ended January 31,	
	2020	2019
Net cash provided by (used in) operating activities	$ 1,336	$ (12,959)
Purchases of property and equipment	(11,254)	(11,006)
Capitalized software development costs	(2,210)	(1,163)
Free cash flow	$ (12,128)	$ (25,128)

Annual Recurring Revenue

We use Annual Recurring Revenue (“ARR”) to identify the annualized recurring value of active customer contracts at the end of a reporting period. ARR includes the annualized recurring value of term licenses, subscription agreements, maintenance contracts, and hosting contracts. All components of the licensing and usage arrangements that are not expected to recur (primarily perpetual licenses and services) are excluded. If a customer contract contains invoicing amounts that change over the contract term, then ARR reflects the annualized invoicing amount outlined in the contract for the current reporting period. For example, given a contract with annual invoicing of $1.0 million at the beginning of year one, $2.0 million at the beginning of year two, and $3.0 million at the beginning of year three, and the reporting period is subsequent to year two invoicing and prior to year three invoicing, the reported ARR for that contract would be $2.0 million.

Our reported quarterly ARR results for fiscal year 2020 are based on actual currency rates at the end of fiscal year 2019, held constant throughout the year. ARR was $474 million as of January 31, 2020, up from $460 million as of July 31, 2019.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. Accounting policies, methods, and estimates are an integral part of the preparation of condensed consolidated financial statements in accordance with GAAP and, in part, are based upon management’s current judgments. Those judgments are normally based on knowledge and experience with regard to past and current events and assumptions about future events. Certain accounting policies, methods and estimates are particularly sensitive because of their significance to the condensed consolidated financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. While there are a number of significant accounting policies, methods, and estimates affecting our condensed consolidated financial statements, which are described in Note 1 “The Company and Summary of Significant Accounting Policies and Estimates” to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, our revenue recognition policies are particularly critical to fiscal years 2020 and 2019.

While we continue to evaluate our significant accounting policies to determine which ones involve the most judgment and complexity, there have been no changes to our significant accounting policies as described in our Annual Report on Form

10-K for the fiscal year ended July 31, 2019 that have had a material impact on our condensed consolidated financial statements and related notes except for the adoption of ASU No. 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance: ASU No. 2017-13, ASU No. 2018-10, and ASU No. 2018-11 (collectively, "ASC 842").

Revenue Recognition

Revenue recognition requires judgment and the use of estimates, especially in identifying and evaluating the various non-standard terms and conditions in our contracts with customers as to their effect on reported revenue.

Our revenue is derived from contracts with customers. The majority of our revenue is derived from licensing arrangements that can span multiple years, subscriptions for our cloud services, and implementation and other professional services arrangements. On August 1, 2018, we adopted ASC 606 using the modified retrospective method and recorded a net cumulative effect adjustment of $44.3 million. The core principle of ASC 606 is to recognize revenue upon the transfer of services or products to customers in an amount that reflects the consideration we expect to be entitled to in exchange for those services or products. We apply a five-step framework to recognize revenue as described in our Revenue Recognition policy included in Note 1 of our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Our customers have significant negotiating power during the sales process which can and does result in terms and conditions that are different from our standard terms and conditions. When terms and conditions of our customer contracts are not standard, certain negotiated terms may require significant judgment in order to determine the transaction price, the allocation thereof to the performance obligations identified in the contract and the timing of revenue recognition.

The estimates and assumptions requiring significant judgment under our revenue policy in accordance with ASC 606 are as follows:

Identification of the contract, or contracts, with the customer

Contracts may be modified to account for changes in contract scope or price. We consider contract modifications to exist when the modification either creates new rights or obligations or changes the existing enforceable rights and obligations of either party. Contract modifications for products and services that are distinct from the existing contract and are priced commensurate with their standalone selling price are treated as separate contracts, and are accounted for prospectively. Contract modifications for products and services that are distinct but are not priced commensurate with their standalone selling price or are not distinct from the existing contract may affect the initial transaction price or the allocation of the transaction price to the performance obligations in the contract. In such cases, revenue recognized may be adjusted.

Determination of the transaction price

The transaction price is determined based on the consideration to which we expect to be entitled in exchange for transferring services and products to our customer. Variable consideration is estimated and included in the transaction price if, in our judgment, it is probable that there will not be a significant future reversal of cumulative revenue under the contract.

Self-managed software licenses and subscription services may be subject to either fixed or variable installments. Variable installments are generally subject to changes in a customer's DWP or a customer's Gross Written Premium ("GWP"). When consideration is subject to variable installments, we estimate variable consideration using the expected value method based on historical DWP or GWP usage to the extent that a significant revenue reversal is not probable to occur. When consideration is subject to a customer termination right, we estimate the total transaction price using the most likely method, and defer consideration associated with the customer's termination right until it expires.

We evaluate whether a significant financing component exists when the timing of revenue recognition occurs in advance of invoicing. This timing difference occurs when control of the software license is transferred at a point in time, usually at the contract onset, but the customer payments occur over time. A significant financing component generally does not exist under our standard contracting and billing practices. For example, our typical time-based licenses have a two-year initial term with the final payment due at the end of the first year.

Allocation of the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on its standalone selling price ("SSP") in relation to the total fair value of all performance obligations in the arrangement. The majority of our contracts contain multiple performance obligations, such as when licenses are sold with maintenance, implementation services or training services. Additionally, as customers transition to subscription services, our customers may be under contract for both self-managed licenses and subscription services for a period of time, which may require an allocation of the transaction price to each performance obligation. Some of our performance obligations,

such as maintenance, implementation services, and training services, have observable inputs that are used to determine the SSP of those distinct performance obligations. Where SSP is not directly observable, we determine the SSP using information that may include market conditions and other observable inputs. In the circumstances when available information to determine SSP is highly variable or uncertain, such as for our term licenses, we use the residual method.

Results of Operations

The following table sets forth our results of operations for the periods presented. The data has been derived from the condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q which, in the opinion of our management, reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly present the financial position and results of operations for the interim periods presented. The operating results for any period should not be considered indicative of results for any future period. This information should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2019.

	Three Months Ended January 31,			
	2020	As a % of total revenue	2019	As a % of total revenue
	(in thousands, except percentages)			
Revenue:				
License and subscription	$ 104,954	61 %	$ 86,713	51 %
Maintenance	21,116	12	21,264	13
Services	47,388	27	60,557	36
Total revenue	173,458	100	168,534	100
Cost of revenue:				
License and subscription	27,032	16	14,739	9
Maintenance	4,084	2	3,954	2
Services	52,480	30	60,987	36
Total cost of revenue	83,596	48	79,680	47
Gross profit:				
License and subscription	77,922	45	71,974	42
Maintenance	17,032	10	17,310	11
Services	(5,092)	(3)	(430)	—
Total gross profit	89,862	52	88,854	53
Operating expenses:				
Research and development	49,954	28	46,471	27
Sales and marketing	37,339	22	31,173	18
General and administrative	20,599	12	17,541	10
Total operating expenses	107,892	62	95,185	55
Income (loss) from operations	(18,030)	(10)	(6,331)	(2)
Interest income	6,958	4	7,553	4
Interest expense	(4,462)	(3)	(4,287)	(3)
Other income (expense), net	(182)	—	1,148	1
Income (loss) before provision for income taxes	(15,716)	(9)	(1,917)	—
Provision for (benefit from) income taxes	4,228	2	(1,916)	(1)
Net income (loss)	$ (19,944)	(11)%	$ (1)	1 %

	Six Months Ended January 31,			
	2020	As a % of total revenue	2019	As a % of total revenue
	(in thousands, except percentages)			
Revenue:				
License and subscription	$ 187,377	56 %	$ 181,393	52 %
Maintenance	42,087	13	42,267	12
Services	101,004	31	125,129	36
Total revenue	330,468	100	348,789	100
Cost of revenue:				
License and subscription	50,828	16	28,069	8
Maintenance	7,778	2	7,822	2
Services	105,846	32	125,397	36
Total cost of revenue	164,452	50	161,288	46
Gross profit:				
License and subscription	136,549	40	153,324	44
Maintenance	34,309	11	34,445	10
Services	(4,842)	(1)	(268)	—
Total gross profit	166,016	50	187,501	54
Operating expenses:				
Research and development	96,450	29	91,967	27
Sales and marketing	70,355	21	63,492	18
General and administrative	41,838	13	35,886	10
Total operating expenses	208,643	63	191,345	55
Income (loss) from operations	(42,627)	(13)	(3,844)	(1)
Interest income	14,594	4	14,404	4
Interest expense	(8,891)	(3)	(8,531)	(2)
Other income (expense), net	(433)	—	(341)	—
Income (loss) before provision for income taxes	(37,357)	(12)	1,688	1
Provision for (benefit from) income taxes	(2,422)	(1)	(4,620)	(1)
Net income (loss)	$ (34,935)	(11)%	$ 6,308	2 %

Revenue

We derive our revenue from licensing our software applications, subscriptions to our cloud-delivered software, providing maintenance support, and delivering professional services.

License and Subscription

A majority of our license and subscription revenue consists of term license fees. We also recognize revenue from subscription services and sales of perpetual licenses. A substantial majority of our term licenses have been sold under a two-year initial term with optional annual renewals after the initial term. However, in the future, we may enter into term license arrangements with our customers that have an initial term of more than two years or may renew license arrangements for longer than one year. Term license revenue for the initial term of the customer agreement is generally fully recognized upon delivery of the software. Revenue on renewed license arrangements is recognized for the entire committed renewal period at the beginning of the renewal period, which in the case of multi-year renewals is generally more than the revenue recognized on annual auto-renewals. Revenue is generally recognized prior to billings to customers during the initial term and during multi-year renewals of term licenses.

Subscription revenue is recognized ratably over the term of the arrangement, beginning at the point in time our provisioning process has been completed and access has been made available to the customer. The initial term of such arrangements is generally from three to five years, which is generally longer than the initial term of our term license

arrangements. Subscription agreements also contain optional annual renewals commencing upon the expiration of the initial contract term.

In a limited number of cases, we license our software on a perpetual basis. Perpetual license revenue is generally recognized upon delivery.

We generally price our software based on the amount of DWP that will be managed by our software. A majority of our term license customers are billed annually in advance, and we currently bill our subscription customers similarly. We invoice our perpetual license customers either in full at contract signing or on an installment basis.

Maintenance

Our maintenance revenue is generally recognized over the committed maintenance term. Our maintenance fees are typically priced as a fixed percentage of the associated license fees. We invoice a majority of our customers annually in advance.

Services

Our services revenue is primarily derived from implementation services performed for our customers, reimbursable travel expenses, and training fees. A substantial majority of our services engagements generate revenue on a time and materials basis and revenue is recognized upon providing our services.

	Three Months Ended January 31,					
	2020		2019		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Revenue:						
License and subscription						
Term license	$ 74,270	43 %	$ 71,591	42 %	$ 2,679	4 %
Subscription	28,642	17	14,770	9	13,872	94 %
Perpetual license	2,042	1	352	—	1,690	480 %
Maintenance	21,116	12	21,264	13	(148)	(1)%
Services	47,388	27	60,557	36	(13,169)	(22)%
Total revenue	$ 173,458	100 %	$ 168,534	100 %	$ 4,924	3 %

	Six Months Ended January 31,					
	2020		2019		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Revenue:						
License and subscription						
Term license	$ 128,448	38 %	$ 150,928	43 %	$ (22,480)	(15)%
Subscription	56,838	17	30,113	9	26,725	89 %
Perpetual license	2,091	1	352	—	1,739	494 %
Maintenance	42,087	13	42,267	12	(180)	— %
Services	101,004	31	125,129	36	(24,125)	(19)%
Total revenue	$ 330,468	100 %	$ 348,789	100 %	$ (18,321)	(5)%

License and Subscription

Our license and subscription revenue primarily consists of term license revenue, subscriptions and, to a lesser extent, perpetual licenses. While term licenses are currently our predominant licensing model, we anticipate subscriptions will continue to grow as a percentage of annual sales in future periods. Due to the ratable recognition of subscription revenue, growth in subscription revenue will lag behind the growth of subscription orders and will impact the comparative growth of our reported revenue. If we complete a higher percentage of subscription deals in a given period, our short-term growth rates will be negatively impacted.

Term license revenue increased by $2.7 million during the three months ended January 31, 2020, compared to the same period a year ago, primarily due to renewal activity of $14.4 million, partially offset by large new term license deals completed in the second quarter of the prior fiscal year, which represented $10.4 million of revenue that did not recur in the current fiscal year. Current quarter renewal activity consists of a large customer with an initial term that began in the first fiscal quarter of 2019 and renewed in the second fiscal quarter of 2020 and certain customers entering into multi-year renewals.

Term license revenue decreased by $22.5 million during the six months ended January 31, 2020, compared to the same period a year ago, primarily due to $24.9 million of large term license deals entered into during fiscal year 2019, for which we recognized revenue upfront for the entire initial term. One of those deals was a ten-year term license contract, under which we recognized $14.5 million of term license revenue during the six months ended January 31, 2019. These decreases were partially offset by renewal activity and new deals executed during the six months ended January 31, 2020. The current period activity is reflective of increased subscriptions as a percentage of new deals.

Subscription revenue increased by $13.9 million and $26.7 million during the three and six months ended January 31, 2020, respectively, compared to the same periods a year ago. Increases in the three and six months ended January 31, 2020 of $13.1 million and $25.7 million, respectively, were related to subscription revenue from orders for our Guidewire InsuranceSuite via Guidewire Cloud that were entered into since the second fiscal quarter of 2019.

Perpetual license revenue accounted for approximately 2% and 1% of total license and subscription revenue during the three and six months ended January 31, 2020, respectively. We expect perpetual license revenue to continue to represent a small percentage of our total license and subscription revenue. We also expect perpetual license revenue to potentially be volatile across quarters due to the large amount of perpetual revenue that may be generated from a single customer order.

Maintenance Revenue

Maintenance revenue associated with term and perpetual licenses decreased by $0.1 million and $0.2 million during the three and six months ended January 31, 2020, respectively, compared to the same periods a year ago. Maintenance related to subscription arrangements is included in subscription revenue, as maintenance is not quoted or priced separately from the subscription services. As a result, we expect the increase in subscription orders as a percentage of new sales will continue to reduce the growth in or result in lower maintenance revenue in the future.

Services Revenue

Services revenue decreased $13.2 million and $24.1 million during the three and six months ended January 31, 2020, respectively, compared to the same periods a year ago. These decreases were primarily driven by the completion of large Guidewire InsuranceSuite implementations in prior periods, increased involvement by SI's in cloud implementations, and investments we are making in certain customer implementations.

We work closely with our network of third-party SI partners to facilitate new sales and implementations of both our self-managed products and subscription services. We believe this model will continue to serve us well, and we intend to continue to expand our network of SI partners and the number of certified consultants with whom we work so we can leverage our SI partners more effectively, especially for future subscription implementations. Certain initial implementations of Guidewire InsuranceSuite via Guidewire Cloud required greater levels of participation by our services professionals due to our obligation to manage the subscription environment which requires greater familiarity with configurations and integrations. However, certain more recent implementations of Guidewire InsuranceSuite via Guidewire Cloud rely on our SI partners to lead the implementation efforts. As the number of implementations led by our SI partners increase, our services revenue will decrease.

We also expect modestly higher levels of variability in our services revenue. As we continue to expand into new markets and new product categories, we have, and we expect to, enter into contracts that may require us to delay the recognition of services revenue and associated costs until we are able to meet certain contractual obligations, including customer acceptance

criteria or the delivery of new products, and contracts that are fixed in value, which may take more effort to complete than originally anticipated.

Cost of Revenue and Gross Profit

Our cost of license and subscription revenue primarily consists of personnel costs for our production services employees, cloud infrastructure costs, amortization of our acquired intangible assets, and royalty fees paid to third parties. Our cost of maintenance revenue primarily consists of personnel costs for our technical support team. Our cost of services revenue primarily consists of personnel costs for our professional service employees, third-party contractors, and travel-related costs. In instances where we have primary responsibility for the delivery of services, subcontractor fees are expensed as cost of services revenue. In each case, personnel costs include salaries, bonuses, benefits, and stock-based compensation.

We allocate overhead such as facilities, information technology support, information security, and other administrative costs to all functional departments based on headcount. As such, these overhead expenses are reflected in cost of revenue and each functional operating expense. Overhead expenses have increased primarily due to the costs related to our new headquarters and additional information security requirements as we transition to the cloud.

Cost of Revenue:

	Three Months Ended January 31,			
	2020	2019	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Cost of revenue:				
License and subscription	$ 27,032	$ 14,739	$ 12,293	83 %
Maintenance	4,084	3,954	130	3
Services	52,480	60,987	(8,507)	(14)
Total cost of revenue	$ 83,596	$ 79,680	$ 3,916	5
Includes stock-based compensation of:				
Cost of license and subscription revenue	$ 1,617	$ 535	$ 1,082	
Cost of maintenance revenue	457	558	(101)	
Cost of services revenue	5,469	6,210	(741)	
Total	$ 7,543	$ 7,303	$ 240	

	Six Months Ended January 31,			
	2020	2019	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Cost of revenue:				
License and subscription	$ 50,828	$ 28,069	$ 22,759	81 %
Maintenance	7,778	7,822	(44)	(1)
Services	105,846	125,397	(19,551)	(16)
Total cost of revenue	$ 164,452	$ 161,288	$ 3,164	2
Includes stock-based compensation of:				
Cost of license and subscription revenue	$ 2,980	$ 869	$ 2,111	
Cost of maintenance revenue	907	1,092	(185)	
Cost of services revenue	10,801	12,178	(1,377)	
Total	$ 14,688	$ 14,139	$ 549	

The $12.3 million increase in cost of license and subscription revenue during the three months ended January 31, 2020, compared to the same period a year ago, was primarily attributable to increases of $10.4 million in cloud operations expenses and $2.3 million in cloud infrastructure costs incurred to support the growth of our subscription and cloud offerings.

The $22.8 million increase in cost of license and subscription revenue during the six months ended January 31, 2020, compared to the same period a year ago, was primarily attributable to increases of $18.3 million in cloud operations expenses and $4.6 million in cloud infrastructure costs incurred to support the growth of our subscription and cloud offerings.

We anticipate higher cost of license and subscription revenue as we continue to invest in our cloud operations and add new cloud customers.

Cost of maintenance revenue remained relatively flat during the three and six months ended January 31, 2020, compared to the same period a year ago.

The $8.5 million decrease in cost of services revenue during the three months ended January 31, 2020, compared to the same period a year ago, was attributable to decreases of $5.9 million due to lower personnel expenses and $2.3 million in third-party consultants billable to customers primarily as a result of the completion of certain large Guidewire InsuranceSuite and Guidewire InsuranceNow implementation engagements.

The $19.6 million decrease in cost of services revenue during the six months ended January 31, 2020, compared to the same period a year ago, was attributable to decreases of $11.1 million due to lower personnel expenses and $7.8 million in third-party consultants billable to customers primarily as a result of the completion of certain large Guidewire InsuranceSuite and Guidewire InsuranceNow implementation engagements.

We had 749 professional service employees and 282 technical support and licensing operations employees at January 31, 2020 compared to 822 professional services employees and 153 technical support and licensing operations employees at January 31, 2019. The growth in technical support and licensing operations personnel is largely driven by the growing cloud operations team and investments to standardize delivery and support to current and future cloud customers. The decrease in professional services personnel reflects the efforts we have made to train and certify our SI partners to enable their greater involvement in cloud implementations.

Gross Profit:

	Three Months Ended January 31,					
	2020		2019		Change	
	Amount	Margin %	Amount	Margin %	($)	(%)
	(in thousands, except percentages)					
Gross profit:						
License and subscription	$ 77,922	74 %	$ 71,974	83 %	$ 5,948	8 %
Maintenance	17,032	81	17,310	81	(278)	(2)
Services	(5,092)	(11)	(430)	(1)	(4,662)	1,084
Total gross profit	$ 89,862	52	$ 88,854	53	$ 1,008	1

Our gross margin decreased slightly during the three months ended January 31, 2020, compared to the same period a year ago. The decrease in services profit primarily related to investments in certain customer implementations was offset by higher license and subscription profit. The higher license and subscription profit was a result of higher license and subscription revenue. However, license and subscription margin decreased as a percentage of revenue due to our increasing investments required to support our transition to the cloud.

	Six Months Ended January 31,					
	2020		2019		Change	
	Amount	Margin %	Amount	Margin %	($)	(%)
	(in thousands, except percentages)					
Gross profit:						
License and subscription	$ 136,549	73 %	$ 153,324	85 %	$ (16,775)	(11)%
Maintenance	34,309	82	34,445	81	(136)	—
Services	(4,842)	(5)	(268)	—	(4,574)	1,707
Total gross profit	$ 166,016	50	$ 187,501	54	$ (21,485)	(11)

Our gross margin decreased to 50% during the six months ended January 31, 2020, compared to 54% in the same period a year ago. The decrease in our gross margin was primarily driven by the lower license and subscription margins as a result of lower term license revenue, the increasing investments required to support our transition to the cloud, and, to a lesser extent, lower services margins as we make investments in certain customer implementations.

We expect license and subscription margins will fluctuate as we continue to invest in our cloud operations and as our subscription revenue increases.

Operating Expenses

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. The largest components of our operating expenses are personnel costs for our employees and, to a lesser extent, professional services. In each case, personnel costs include salaries, bonuses, commissions, benefits, and stock-based compensation.

We allocate overhead such as facilities, information technology support, information security, and other administrative costs to all functional departments based on headcount. As a result, these overhead expenses are reflected in cost of revenue and each functional operating expense. Overhead expenses primarily have increased due to the costs related to our new headquarters and additional information security requirements as we transition to the cloud.

	Three Months Ended January 31,					
	2020		2019		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Operating expenses:						
Research and development	$ 49,954	28 %	$ 46,471	27 %	$ 3,483	7 %
Sales and marketing	37,339	22	31,173	18	6,166	20
General and administrative	20,599	12	17,541	10	3,058	17
Total operating expenses	$ 107,892	62	$ 95,185	55	$ 12,707	13
Includes stock-based compensation of:						
Research and development	$ 6,668		$ 6,440		$ 228	
Sales and marketing	5,996		5,074		922	
General and administrative	6,529		5,555		974	
Total	$ 19,193		$ 17,069		$ 2,124	

	Six Months Ended January 31,					
	2020		2019		Change	
	Amount	As a % of total revenue	Amount	As a % of total revenue	($)	(%)
	(in thousands, except percentages)					
Operating expenses:						
Research and development	$ 96,450	29 %	$ 91,967	27 %	$ 4,483	5 %
Sales and marketing	70,355	21	63,492	18	6,863	11
General and administrative	41,838	13	35,886	10	5,952	17
Total operating expenses	$ 208,643	63	$ 191,345	55	$ 17,298	9
Includes stock-based compensation of:						
Research and development	$ 12,849		$ 12,846		$ 3	
Sales and marketing	11,153		9,695		1,458	
General and administrative	12,604		11,027		1,577	
Total	$ 36,606		$ 33,568		$ 3,038	

Research and Development

Our research and development expenses consist primarily of personnel costs for our technical staff and consultants providing professional services.

The $3.5 million and $4.5 million increase in research and development expenses during the three and six months ended January 31, 2020, respectively, as compared to the same periods a year ago, was primarily due to an increase in costs related to our headquarters, additional information security requirements, and cloud infrastructure costs to support the development of our subscription offerings and cloud strategy.

Our research and development headcount was 725 at January 31, 2020 compared with 727 at January 31, 2019.

We expect our research and development expenses to increase in absolute dollars as we continue to invest in the improvement and functionality of our solutions and to migrate our solutions to the cloud. Research and development expenses may also increase if we pursue additional acquisitions.

Sales and Marketing

Our sales and marketing expenses primarily consist of personnel costs for our sales and marketing employees. It also includes travel expenses, professional services for marketing activities, and amortization of certain acquired intangibles.

The $6.2 million increase in sales and marketing expenses during the three months ended January 31, 2020, compared to the same period a year ago, was primarily attributable to increases of $4.0 million in personnel expenses to sell our products and $2.6 million in marketing and advertising expenses resulting from the timing of our annual Connections User Conference, which occurred in the second quarter of our current fiscal year compared to the first quarter in our prior fiscal year, partially offset by a $0.6 million decrease in the amortization of acquired intangible assets.

The $6.9 million increase in sales and marketing expenses during the six months ended January 31, 2020, compared to the same period a year ago, was primarily attributable to increases of $7.3 million in personnel expenses to sell our products, partially offset by a $0.7 million decrease in the amortization of acquired intangible assets.

Under current revenue recognition guidance, certain commissions are capitalized when earned and amortized over the anticipated period of time that goods and services are expected to be provided to a customer, which we estimate to be approximately five years. Commissions capitalized were $2.9 million and $4.4 million during the three months ended January 31, 2020 and 2019, respectively, and were $3.2 million and $6.1 million during the six months ended January 31, 2020 and 2019, respectively. Amortization of commissions was $2.0 million and $1.3 million during the three months ended January 31, 2020 and 2019, respectively, and was $3.4 million and $2.3 million during the six months ended January 31, 2020 and 2019, respectively. The impact of the accounting for commissions is reflected in personnel expenses.

Our sales and marketing headcount was 374 at January 31, 2020 compared with 358 at January 31, 2019.

We expect our sales and marketing expenses to increase in absolute dollars as we continue to invest in sales and marketing activities to support our business growth and objectives.

General and Administrative

Our general and administrative expenses include executive, finance, human resources, legal, and corporate development and strategy functions, and primarily consist of personnel costs, as well as professional services.

The $3.1 million increase during the three months ended January 31, 2020, compared to the same period a year ago, was primarily attributable to increases of $2.8 million in personnel expenses and $0.5 million in software and cloud infrastructure costs to support our growth.

The $6.0 million increase during the six months ended January 31, 2020, compared to the same period a year ago, was primarily attributable to increases of $4.6 million in personnel expenses and $1.3 million in software and cloud infrastructure costs to support our growth.

Our general and administrative headcount was 297 at January 31, 2020 compared with 254 at January 31, 2019. General and administrative headcount includes personnel in information technology support, information security, facilities, and recruiting whose expenses are allocated across all functional departments.

We expect that our general and administrative expenses will increase in absolute dollars as we continue to invest in personnel, corporate infrastructure, and systems required to support our strategic initiatives, the growth of our business, and our compliance and reporting obligations.

Other Income (Expense)

	Three Months Ended January 31,			
	2020	2019	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Interest income	$ 6,958	$ 7,553	$ (595)	(8)%
Interest expense	(4,462)	(4,287)	(175)	4 %
Other income (expense), net	(182)	1,148	(1,330)	(116)%

	Six Months Ended January 31,			
	2020	2019	Change	
	Amount	Amount	($)	(%)
	(in thousands, except percentages)			
Interest income	$ 14,594	$ 14,404	$ 190	1 %
Interest expense	(8,891)	(8,531)	(360)	4 %
Other income (expense), net	(433)	(341)	(92)	27 %

Interest Income

Interest income represents interest earned on our cash, cash equivalents, and investments.

Interest income decreased $0.6 million during the three months ended January 31, 2020, compared to the same period a year ago, primarily due to lower yields on invested funds. Interest income increased $0.2 million during the six months ended January 31, 2020, compared to the same period a year ago, primarily due to higher yields on invested funds.

Interest Expense

Interest expense consists of both stated interest and the amortization of debt discount and issuance costs associated with the $400.0 million aggregate principal amount of our Convertible Senior Notes that were issued in March 2018. The amortization of debt discount and issuance costs are recognized on an effective interest basis. Stated interest expense is consistent in the comparative periods as the outstanding principal and stated interest rate did not change.

Interest expense for the three months ended January 31, 2020 and 2019 consists of non-cash interest expense related to the amortization of debt discount and issuance costs of $3.2 million and $3.0 million respectively, and stated interest of $1.3 million in both periods. Interest expense for the six months ended January 31, 2020 and 2019 consists of non-cash interest expense related to the amortization of debt discount and issuance costs of $6.4 million and $6.0 million, respectively, and stated interest of $2.5 million in both periods.

Other Income (Expense), Net

Other income (expense), net consists primarily of foreign exchange gains and losses resulting from fluctuations in foreign exchange rates on monetary asset and monetary liability balances that are denominated in currencies other than the functional currency of the entity in which they are recorded. We currently have entities with a functional currency of the Argentine Peso, Australian Dollar, Brazilian Real, British Pound, Canadian Dollar, Danish Kroner, Euro, Indian Rupee, Japanese Yen, Malaysian Ringgit, New Zealand Dollar, Polish Zloty, Russian Ruble, and Swiss Franc.

Other income (expense), net decreased by $1.3 million during the three months ended January 31, 2020, as compared to the same period a year ago. We realized a net currency exchange loss of $0.2 million in the three months ended January 31, 2020 compared to a net currency exchange gain of $1.1 million in the same period a year ago.

Other income (expense), net decreased by $0.1 million during the six months ended January 31, 2020, as compared to the same period a year ago. We realized a net currency exchange loss of $0.4 million in the six months ended January 31, 2020 compared to a net currency exchange loss of $0.3 million in the same period a year ago.

Provision for (benefit from) Income Taxes

We are subject to taxes in the United States as well as other tax jurisdictions or countries in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may be subject to U.S. income tax.

	Three Months Ended January 31,			
	2020	**2019**	**Change**	
	Amount	**Amount**	**($)**	**(%)**
	(in thousands, except percentages)			
Provision for (benefit from) income taxes	$ 4,228	$ (1,916)	$ 6,144	(321)%
Effective tax rate	(27)%	100 %		

	Six Months Ended January 31,			
	2020	**2019**	**Change**	
	Amount	**Amount**	**($)**	**(%)**
	(in thousands, except percentages)			
Benefit from income taxes	$ (2,422)	$ (4,620)	$ 2,198	(48)%
Effective tax rate	7 %	(274)%		

We recognized an income tax expense of $4.2 million and an income tax benefit of $1.9 million for the three months ended January 31, 2020 and 2019, respectively, and an income tax benefit of $2.4 million and $4.6 million for the six months ended January 31, 2020 and 2019, respectively. The change in the amount of income tax recorded for the three and six months ended January 31, 2020 compared to the same periods a year ago was primarily due to the base erosion and anti-abuse tax ("BEAT") liability of $10.4 million recognized in the fiscal quarter ended January 31, 2020, of which $4.2 million relates to the current fiscal year and $6.2 million relates to the prior fiscal year, as a result of regulations issued by the Internal Revenue Service ("IRS") on December 2, 2019. The effective tax rate of (27)% and 7% for the three and six months ended January 31, 2020, respectively, differs from the statutory U.S. federal income tax rate of 21% mainly due to permanent differences for stock-based compensation, including excess tax benefits, research and development credits, certain non-deductible expenses including executive compensation, and BEAT.

During the three and six months ended January 31, 2020, unrecognized tax benefits increased by $0.3 million and $0.7 million, respectively. As of January 31, 2020, we had unrecognized tax benefits of $6.8 million that, if recognized, would affect our effective tax rate.

Non-GAAP Financial Measures

In addition to the key business metrics presented above, we believe that the following non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and results of operations. Management uses these non-GAAP measures to compare our performance to that of prior periods for trend analysis, for purposes of determining executive and senior management incentive compensation, and for budgeting and planning purposes. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial results with other software companies because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, many of which present similar non-GAAP financial measures to investors. However, our management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP.

The non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in our financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. We urge investors to review the reconciliation of non-GAAP financial measures to the comparable GAAP financial measures included herein and not to rely on any single financial measure to evaluate the Company's business.

The following table reconciles the specific items excluded from GAAP in the calculation of non-GAAP financial measures for the periods indicated below.

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Gross profit reconciliation:				
GAAP gross profit	$ 89,862	$ 88,854	$ 166,016	$ 187,501
Non-GAAP adjustments:				
Stock-based compensation [1]	7,543	7,303	14,688	14,139
Amortization of intangibles [1]	4,945	4,945	9,890	9,890
Non-GAAP gross profit	$ 102,350	$ 101,102	$ 190,594	$ 211,530
Income (loss) from operations reconciliation:				
GAAP income (loss) from operations	$ (18,030)	$ (6,331)	$ (42,627)	$ (3,844)
Non-GAAP adjustments:				
Stock-based compensation [1]	26,736	24,372	51,294	47,707
Amortization of intangibles [1]	6,742	7,309	13,909	14,618
Non-GAAP income (loss) from operations	$ 15,448	$ 25,350	$ 22,576	$ 58,481
Net income (loss) reconciliation:				
GAAP net income (loss)	$ (19,944)	$ (1)	$ (34,935)	$ 6,308
Non-GAAP adjustments:				
Stock-based compensation [1]	26,736	24,372	51,294	47,707
Amortization of intangibles [1]	6,742	7,309	13,909	14,618
Amortization of debt discount and issuance costs [2]	3,198	3,027	6,354	6,013
Tax impact of non-GAAP adjustments [3]	826	(7,411)	(8,086)	(16,274)
Non-GAAP net income (loss)	$ 17,558	$ 27,296	$ 28,536	$ 58,372
Tax provision (benefit) reconciliation:				
GAAP tax provision (benefit)	$ 4,228	$ (1,916)	$ (2,422)	$ (4,620)
Non-GAAP adjustments:				
Stock-based compensation [1]	4,329	4,037	8,529	7,902
Amortization of intangibles [1]	1,092	1,212	2,319	2,423
Amortization of debt discount and issuance costs [2]	518	509	1,058	1,004
Tax impact of non-GAAP adjustments [3]	(6,765)	1,653	(3,820)	4,945
Non-GAAP tax provision (benefit)	$ 3,402	$ 5,495	$ 5,664	$ 11,654
Net income (loss) per share reconciliation:				
GAAP net income (loss) per share — diluted	$ (0.24)	$ —	$ (0.42)	$ 0.08
Non-GAAP adjustments:				
Stock-based compensation [1]	0.32	0.30	0.62	0.58
Amortization of intangibles [1]	0.08	0.09	0.17	0.18

Amortization of debt discount and issuance costs (2)	0.04	0.04	0.08	0.08
Tax impact of non-GAAP adjustments (3)	0.01	(0.10)	(0.10)	(0.21)
Non-GAAP dilutive shares excluded from GAAP net income (loss) per share calculation (4)	—	—	(0.01)	—
Non-GAAP net income (loss) per share — diluted	$ 0.21	$ 0.33	$ 0.34	$ 0.71
Shares used in computing Non-GAAP income (loss) per share amounts:				
GAAP weighted average shares — diluted	82,725,641	81,217,511	82,543,267	82,289,773
Non-GAAP dilutive shares excluded from GAAP income (loss) per share calculation (4)	842,001	1,488,107	854,608	—
Pro forma weighted average shares — diluted	83,567,642	82,705,618	83,397,875	82,289,773

(1) Adjustments relate to amortization of acquired intangibles and stock-based compensation recognized during the periods for GAAP purposes.
(2) Adjustments reflect the amortization of debt discount and issuance costs related to the issuance of our Senior Convertible Notes recognized during the periods for GAAP purposes.
(3) Adjustments reflect the impact on the tax benefit (provision) from all non-GAAP adjustments.
(4) Due to the occurrence of a net loss on a GAAP basis, potentially dilutive securities were excluded from the calculation of GAAP net income (loss) per share, as they would have an anti-dilutive effect. However, these shares have a dilutive effect on non-GAAP net income (loss) per share and, therefore, are included in the non-GAAP net income (loss) per share calculation.

Liquidity and Capital Resources

Our principal sources of liquidity are as follows (in thousands):

	January 31, 2020	July 31, 2019
	Amount	Amount
Cash, cash equivalents, and investments	$ 1,329,965	$ 1,337,761
Working capital	$ 1,065,398	$ 1,102,702

Cash, Cash Equivalents, and Investments

Our cash and cash equivalents are comprised of cash and liquid investments with remaining maturities of 90 days or less from the date of purchase, primarily commercial paper and money market funds. Substantially all of our investments are comprised of corporate debt securities, U.S. government and agency debt securities, commercial paper and non-U.S. government securities, which include state, municipal and foreign government securities.

As of January 31, 2020, approximately $48.3 million of our cash and cash equivalents were domiciled in foreign tax jurisdictions. While we have no current plans to repatriate these funds to the United States, we may repatriate foreign earnings in the future to the extent that the repatriation is not restricted by local laws or there are no substantial incremental costs associated with such repatriation.

Cash Flows

Our cash flows from operations are significantly impacted by timing of invoicing and collections of accounts receivable, annual bonus payments, as well as payments of payroll, commissions, payroll taxes and other taxes. We expect that we will continue to generate positive cash flows from operations on an annual basis, although this may fluctuate significantly on a quarterly basis. In particular, we typically use more cash during the first fiscal quarter ended October 31, as we generally pay cash bonuses to our employees for the prior fiscal year during that period and pay seasonally higher sales commissions from increased customer orders booked in our fourth fiscal quarter.

We believe that our existing cash and cash equivalents and sources of liquidity will be sufficient to fund our operations for at least the next 12 months. Our future capital requirements will depend on many factors, including our rate of revenue growth, the level of our sales and marketing activities required to expand into other markets, and the timing and extent of our spending to support our research and development efforts and cloud operations. We also anticipate the possibility of investing in, or

acquiring complementary businesses, applications or technologies, which may require the use of significant cash resources and/or additional financing.

The following summary of cash flows for the periods indicated has been derived from our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q:

	Six Months Ended January 31,	
	2020	2019
	(in thousands)	
Net cash provided by (used in) operating activities	$ 1,336	$ (12,959)
Net cash provided by (used in) investing activities	(38,118)	(64,488)
Net cash provided by (used in) financing activities	1,239	1,103

Cash Flows from Operating Activities

Net cash provided by operating activities was $1.3 million for the six months ended January 31, 2020, compared to cash used in operating activities of $13.0 million during the six months ended January 31, 2019. This $14.3 million increase in operating cash provided was primarily attributable to a $44.7 million decrease in cash used in working capital activities as compared to the same period a year ago, partially offset by a $30.4 million decrease in net income after excluding the impact of non-cash charges such as deferred taxes, stock-based compensation expense, depreciation and amortization expense, and other non-cash items.

Cash Flows from Investing Activities

Net cash used in investing activities decreased by $26.4 million for the six months ended January 31, 2020, as compared to the six months ended January 31, 2019, primarily due to a $27.7 million decrease in net cash outflows from marketable securities, partially offset by a $1.3 million increase in capital expenditures primarily due to capitalized software development costs related to our cloud-based services.

Cash Flows from Financing Activities

Net cash provided by financing activities for the six months ended January 31, 2020 increased by $0.1 million, as compared to the six months ended January 31, 2019, primarily because of higher proceeds from option exercises.

Commitments and Contractual Obligations

Our primary contractual obligations consist of our Convertible Senior Notes due in 2025, obligations under leases for our office facilities, and letters of credit we have issued to vendors to guarantee our performance under those arrangements.

See Notes 6, 7 and 8 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for discussions of our Convertible Senior Notes, lease commitments, and letters of credit. There has been no material change in our contractual obligations and commitments other than in the ordinary course of business since our fiscal year ended July 31, 2019. See the Annual Report on Form 10-K for the fiscal year ended July 31, 2019 for additional information regarding the Company’s contractual obligations.

Off-Balance Sheet Arrangements

Through January 31, 2020, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to our cash, cash equivalents, and investments as of January 31, 2020 and July 31, 2019. Our cash, cash equivalents, and investments as of January 31, 2020 and July 31, 2019 were $1,330.0 million and $1,337.8 million, respectively, primarily consisting of cash, money market funds, corporate debt securities, U.S. government and agency securities, commercial paper, and non-U.S. government securities, which include state, municipal, and foreign government securities. Changes in U.S. interest rates affect the interest earned on our cash, cash equivalents, and marketable securities, and the market value of those securities. A hypothetical 100 basis point increase in interest rates would have resulted in a decrease of $5.7 million and $6.2 million in the market value of our available-for-sale securities as of January 31, 2020 and July 31, 2019, respectively. Any realized gains or losses resulting from such interest rate changes would only occur if we sold the investments prior to maturity.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Argentine Peso, Australian Dollar, Brazilian Real, British Pound, Canadian Dollar, Danish Kroner, Euro, Indian Rupee, Japanese Yen, Malaysian Ringgit, New Zealand Dollar, Polish Zloty, Russian Ruble, and Swiss Franc, the currency of the locations within which we currently operate. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We believe our operating activities act as a natural hedge for a substantial portion of our foreign currency exposure because we typically collect revenue and incur costs in the currency of the location in which we provide our services. However, our relationships with our customers are long-term in nature so it is difficult to predict if our operating activities will provide a natural hedge in the future. Additionally, changes in foreign currency exchange rates can affect our financial results due to transaction gains or losses related to revaluing certain monetary asset and monetary liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. For the six months ended January 31, 2020 and 2019, we recorded foreign currency losses of $0.4 million and $0.3 million, respectively, as other income (expense) in our condensed consolidated statement of operations primarily due to currency exchange rate fluctuations. We will continue to experience fluctuations in foreign currency exchange rates. If a hypothetical ten percent change in foreign exchange rates were to occur in the future, the resulting transaction gain or loss would be approximately $3.0 million. As our international operations grow, we will continue to assess our approach to managing our risk relating to fluctuations in currency rates.

Fair Value of Financial Instruments

We do not have material exposure to market risk with respect to investments in financial instruments, as our investments primarily consist of highly liquid investments purchased with a remaining maturity of three years or less. We do not use derivative financial instruments for speculative or trading purposes. However, this does not preclude our adoption of specific hedging strategies in the future.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective.

Inherent Limitations of Internal Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended January 31, 2020 identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time we are involved in legal proceedings that arise in the ordinary course of our business. Any such proceedings, whether meritorious or not, could be time consuming, costly, and result in the diversion of significant operational resources and/or management time.

Although the outcomes of legal proceedings are inherently difficult to predict, we are not currently involved in any legal proceeding in which the outcome, in our judgment based on information currently available, is likely to have a material adverse effect on our business or financial position.

ITEM 1A. Risk Factors

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider such risks and uncertainties, together with the other information contained in this report, and in our other public filings. If any of such risks and uncertainties actually occurs, our business, financial condition or results of operations could differ materially from the plans, projections and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and in our other public filings. In addition, if any of the following risks and uncertainties, or if any other risks and uncertainties, actually occurs, our business, financial condition or results of operations could be harmed substantially, which could cause the market price of our stock to decline, perhaps significantly.

Risks Related to our Business

We may experience significant quarterly and annual fluctuations in our results of operations due to a number of factors.

Our quarterly and annual results of operations may fluctuate significantly due to a variety of factors, many of which are outside of our control. This variability may lead to volatility in our stock price as investors and research analysts respond to quarterly fluctuations. In addition, comparing our results of operations on a period-to-period basis, particularly on a sequential quarterly basis, may not be meaningful. You should not rely on our past results as an indication of our future performance.
Factors that may affect our results of operations include:

- our ability to attract new domestic and international customers and renew existing customers;
- seasonal buying patterns of our customers and our ability to sell additional software and services to existing customers;
- the proportion and timing of subscription sales as opposed to term or perpetual software licenses, and the variations in revenue recognition between these contract types;
- changes in contract durations of term software licenses;
- cloud-based licensing models that feature ratable revenue recognition;
- increases in costs related to cloud operations, product development, and services;
- our ability to develop and achieve market adoption of cloud-based services, including the impact of customers transitioning from term software licenses to subscription services;
- erosion in services margins or significant fluctuations in services revenue caused by changing customer demand, negotiated professional services billing rates, or fixed fee contracts;
- the structure of our licensing contracts, including acceptance terms and escalating payments over multi-year periods;
- our ability to enter into contracts on favorable terms, including terms related to price, payment timing, service levels, and product delivery, especially with customers and prospects that possess substantial negotiating leverage and procurement expertise;
- the incurrence of penalties for failing to meet certain contractual obligations, including service levels and implementation times;
- future accounting pronouncements or changes in accounting rules and our related accounting policies and interpretations;
- our ability to realize expected benefits from our acquisitions;
- reductions in our customers' budgets for information technology purchases and delays in their purchasing cycles;
- the timing of hiring personnel and employee related expenses;
- the impact of a recession or any other adverse global economic conditions on our business, including trade tariffs, trade agreements, and other uncertainties that may cause a delay in entering into or a failure to enter into significant customer agreements; and
- fluctuations in foreign currency exchange rates.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly and annual results of operations. Further, in light of the transition to ASC 606 for revenue recognition, our recent changes to the length of license agreements, and our increased cloud-based subscription services, among other ongoing changes to our business, it is challenging to forecast our quarterly and annual results.

We believe our ability to adjust spending quickly enough to compensate for a potential revenue shortfall is very limited and our inability to do so could magnify the adverse impact of a potential revenue shortfall on our results of operations. If we fail to achieve our quarterly forecasts, if our forecasts fall below the expectations of investors or research analysts, or if our actual results fail to meet the expectations of investors or research analysts, our stock price may decline.

Seasonal sales patterns may cause significant fluctuations in our results of operations and cash flows and may prevent us from achieving our quarterly or annual forecasts, which may cause our stock price to decline.

We have historically signed a higher percentage of software license orders in the second and fourth quarters of each fiscal year. We generally see increased new orders in our second fiscal quarter, which is the quarter ended January 31st, due to customer buying patterns, and in our fourth fiscal quarter, which is the quarter ended July 31st, due to efforts by our sales team to achieve annual incentives. As a result, a significantly higher percentage of our annual license revenue has historically been recognized in our second and fourth fiscal quarters. Since a substantial majority of our license revenue has annual renewals after the initial term of the contract, we expect to continue to experience this seasonality effect in subsequent years. Further, the adoption of ASC 606 for revenue recognition has and may continue to heighten or change the seasonal impact on our new term licenses that are multi-year in nature with more revenue recognized upfront upon delivery of our software.

We currently anticipate that sales of, and revenue from, subscription services will continue to increase in the future. Subscriptions are recognized ratably over the term of the agreement after provisioning of the service, which may take up to 90 days from the date of the agreement. Over time, this may reduce the impact of our historic seasonality, but in the near term the introduction of proportionally more subscription services into our revenue stream, together with their delayed and ratable recognition, will likely impact quarter over quarter and year-over-year revenue growth comparisons and cash flow because of the ramped nature of the annual installments of these multi-year arrangements.

Our quarterly growth in license revenue also may not coincide with new orders or cash flows in a given quarter, which could mask the impact of seasonal variations. This mismatch is primarily due to the following reasons:

- revenue recognition may not occur in the period when the order is placed due to certain revenue recognition criteria not being met;
- we may enter into license agreements with future product delivery requirements, specified terms for product upgrades or functionality, acceptance terms, or unconditional return rights, which may require us to delay revenue recognition for the initial period;
- our subscription arrangements are recognized ratably and only a portion of the revenue from an order is recognized in the same fiscal period of the order;
- subscription arrangements generally have ramped invoicing schedules over the initial term but revenue is recognized ratably over the initial term; and
- our term license agreements generally have annual billing arrangements over the initial term even though revenue is recognized upon delivery of the product.

Additionally, seasonal patterns may be affected by the timing of particularly large transactions and the large number of renewals that occur in the first fiscal quarter. For example, in the first quarter of fiscal year 2019, we achieved higher revenue growth due to the delivery of a single license agreement with a term of ten years and resulted in the first quarter of fiscal year 2020 lacking comparability to the prior year period.

Seasonal and other variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows, may make it challenging for an investor to predict our performance on a quarterly basis and may prevent us from achieving our quarterly or annual forecasts or meeting or exceeding the expectations of research analysts or investors, which in turn may cause our stock price to decline.

We have relied and expect to continue to rely on orders from a relatively small number of customers in the P&C insurance industry for a substantial portion of our revenue, and the loss of any of these customers would significantly harm our business, results of operations, and financial condition.

Our revenue is dependent on orders from customers in the P&C insurance industry, which may be adversely affected by worldwide economic, environmental, and political conditions. A relatively small number of customers have historically accounted for a significant portion of our revenue. While the composition of our individual top customers will vary from year to year, in fiscal years 2019, 2018, and 2017, our ten largest customers accounted for 31%, 31%, and 26% of our revenue, respectively. Customers for this metric are measured at the parent corporation level, while our total customer count is measured at the purchasing entity level. While we expect this reliance to decrease over time as our revenue and customer base grows, we expect that we will continue to depend upon a relatively small number of customers for a significant portion of our revenue for the foreseeable future. As a result, if we fail to successfully sell our products and services to one or more of these anticipated customers in any particular period or fail to identify additional potential customers or such customers purchase fewer of our products or services, defer or cancel orders, fail to renew their license or subscription agreements or otherwise terminate their relationship with us, our business, results of operations, and financial condition would be harmed. Additionally, if our sales to one or more of these anticipated customers in any particular period are ratable in nature, or if we fail to achieve the required performance or acceptance criteria for one or more of these relatively small number of customers, our quarterly and annual results of operations may fluctuate significantly.

If we fail to successfully manage our transition to a business model focused on delivering cloud-based offerings on a subscription basis, our results of operations could be harmed.

To address demand trends in the P&C insurance industry, we now offer customers the use of our software products through a cloud-based offering sold on a subscription basis in addition to our self-managed offering. This adjustment to our business model requires a considerable investment of technical, operational, financial, legal, and sales resources. Our software and cloud services involve the storage and transmission of customer data, including in some cases, personal data, and security breaches could result in the loss of this information, which in turn could result in litigation, breach of contract claims, indemnity obligations, harm to our reputation, and other liabilities for us. Our transition to cloud offerings will continue to divert resources, require us to hire additional resources, and increase costs, especially in cost of license and subscription revenue and research and development, in any given period. We may not be able to efficiently scale such investments to meet customer demand and expectations, which may impact our long-term growth and results of operations. Further, the increase in some costs associated with our cloud services, such as the cost of public infrastructure, may be difficult to predict over time, especially in light of our lack of historical experience with the costs of delivering cloud-based versions of our applications. Our subscription contracts also contain penalty clauses, for matters such as failing to meet stipulated service levels, which represent new risks we are not accustomed to managing. Should these penalties be triggered, our results of operations may be adversely affected. Furthermore, we may assume greater responsibilities for implementation related services during this transition. As a result, we may face risks associated with new and complex implementations, the cost of which may differ from original estimates. As with our stated history, penalties and cost could take the form of monetary credits for current or future service engagements, reduced fees for additional product sales, and a customer’s refusal to pay its contractually-obligated subscription or service fees.

Revenue under our cloud-based subscription model will generally be recognized ratably over the term of the contract. The transition to ratable revenue recognition will result in lower license revenue we otherwise would have recognized in the initial period of the customer agreement in those periods in which the portion of our revenue attributable to ratable subscription contracts grows. This effect on recognized revenue may be magnified in any fiscal year due to the concentration of our orders in the fourth fiscal quarter. A combination of increased costs and delayed recognition of revenue would adversely impact our gross and operating margins during those periods. Additionally, the change in our business model and transition of our customers from self-managed licenses to cloud-based subscription services could negatively affect our ability to forecast the timing and amount of our revenues in any period.

In addition, market acceptance of our cloud-based offerings may be affected by a variety of factors, including, but not limited to, price, security, reliability, performance, customer preference, public concerns regarding privacy, and the enactment of restrictive laws or regulations. We are in the early stages of re-architecting our existing products and developing new products in an effort to offer customers greater choices on how they utilize our software. As our business practices in this area develop and evolve over time, we may be required to revise the subscription agreements we initially develop in connection with this transition, which may result in revised terms and conditions that impact how we recognize revenue and the costs and risks associated with these offerings. Whether our product development efforts or business model transition will prove successful and accomplish our business objectives is subject to numerous uncertainties and risks, including, but not limited to, customer demand, our ability to further develop, manage, and scale infrastructure, our ability to include functionality and usability in such offerings that address customer requirements, tax and accounting implications, and our costs.

In addition, the metrics we and our investors use to gauge the status of our business model transition may evolve over the course of the transition as significant trends emerge. It may be difficult, therefore, to accurately determine the impact of this transition on our business on a contemporaneous basis, or to clearly communicate the appropriate metrics to our investors. If we

are unable to successfully establish these new cloud offerings and navigate our business model transition in light of the foregoing risks and uncertainties, our reputation could suffer and our results of operations could be harmed, which may cause our stock price to decline.

Increases in services revenue as a percentage of total revenue or lower services margins could adversely affect our overall gross margins and profitability.

Our services revenue was 35%, 41%, and 34% of total revenue for fiscal years 2019, 2018, and 2017, respectively. Our services revenue produces lower gross margins than our license and subscription revenue. The gross margin of our services revenue was 2%, 7%, and 7% for fiscal years 2019, 2018, and 2017, respectively, while the gross margin for license and subscription revenue was 83%, 89%, and 94% for fiscal years 2019, 2018, and 2017, respectively. An increase in the percentage of total revenue represented by services revenue, like we experienced in fiscal year 2018 due to acquisitions and the recognition of revenue on certain cloud-based implementations that were completed in prior years, or lower services margins could reduce our overall gross margins and operating margins. Such a trend can be the result of several factors, some of which may be beyond our control, including increased customer demand for our service team involvement in new products and services, the rates we charge for our services, our ability to bill our customers for all time incurred to complete a project, and the extent to which SI partners are willing and able to provide services, including leading subscription services implementations, directly to customers. Erosion in our services margins would also adversely affect our gross and operating margins. Services margins may erode for a period of time as we work to grow our business and overall revenue; for instance, services margins may erode if we hire and train additional services personnel to support new products including cloud-based services, if we require additional service personnel to support entry into new markets, we enter into fixed fee services arrangements, or if we require additional personnel on unexpectedly difficult projects to ensure customer success, perhaps without commensurate compensation.

If our products or cloud-based services experience data security breaches, and there is unauthorized access to our customers' data, we may lose current or future customers and our reputation and business may be harmed.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our cloud services may be perceived as not being secure, customers may reduce the use of or stop using our services, and we may incur significant liabilities. Our software and cloud services involve the storage and transmission of customer data, including in some cases, personal data, and security breaches could result in the loss of this information, which in turn could result in litigation, breach of contract claims, indemnity obligations, and other liabilities for our company. While we have taken steps to protect the confidential information and customer data to which we have access, including confidential information we may obtain through our customer support services or customer usage of our cloud-based services, our security measures could be breached. We rely on third-party technology and systems for a variety of services, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support, and other functions, and our ability to control or prevent breaches of any of these systems may be beyond our control. Because 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. Although we have developed systems and processes that are designed to protect customer data and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party vendor, such measures cannot provide absolute security. Any or all of these issues could negatively impact our ability to attract new customers or to increase engagement by existing customers, could cause existing customers to elect not to renew their term licenses or subscription agreements, or could subject us to third-party lawsuits, regulatory fines or other action or liability, thereby adversely affecting our results of operations.

We face intense competition in our market, which could negatively impact our business, results of operations, and financial condition and cause our market share to decline.

The market for our software and services is intensely competitive. The competitors we face in any sale opportunity may change depending on, among other things, the line of business purchasing the software, the application being sold, the geography in which we are operating, and the size of the insurance carrier to which we are selling. For example, we are more likely to face competition from small independent firms when addressing the needs of small insurers. These competitors may compete on the basis of price, the time and cost required for software implementation, custom development, or unique product features or functions. Outside of the United States, we are more likely to compete against vendors that may differentiate themselves based on local advantages in language, market knowledge, and pre-built content applicable to that jurisdiction. We also compete with vendors of horizontal software products that may be customized to address needs of the P&C insurance industry.

Additionally, many of our prospective customers operate firmly entrenched legacy systems, some of which have been in operation for decades. Our implementation cycles may be lengthy, variable, and require the investment of significant time and expense by our customers. These expenses and associated operating risks attendant on any significant process of re-engineering and technology implementation, may cause customers to prefer maintaining legacy systems. Also, maintaining these legacy systems may be so time consuming and costly for our customers that they do not have adequate resources to devote to the purchase and implementation of our products. We also compete against technology consulting firms that either helped create such legacy systems or may own, in full or in part, subsidiaries that develop software and systems for the P&C insurance industry.

As we expand our product portfolio, we may begin to compete with software and service providers we have not competed against previously. Such potential competitors offer data and analytics tools that may, in time, become more competitive with our offerings.

We expect the intensity of competition to remain high in the future, as the amount of capital invested in current and potential competitors has increased significantly in recent years, and this may lead to improved product or sales capabilities, which in turn could lead to new or expanded partnerships with systems integrators. Continuing intense competition could result in increased pricing pressure, increased sales and marketing expenses, and greater investments in research and development, each of which could negatively impact our profitability. In addition, the failure to increase, or the loss of, market share would harm our business, results of operations, financial condition, and/or future prospects. Our larger current and potential competitors may be able to devote greater resources to the development, promotion, and sale of their products than we can devote to ours, which could allow them to respond more quickly than we can to new technologies and changes in customer needs, thus leading to their wider market acceptance. We may not be able to compete effectively and competitive pressures may prevent us from acquiring and maintaining the customer base necessary for us to increase our revenue and profitability.

In addition, our industry is evolving rapidly and we anticipate the market for cloud-based solutions will become increasingly competitive. If our current and potential customers move a greater proportion of their data and computational needs to the cloud, new competitors may emerge that offer services either comparable or better suited than ours to address the demand for such cloud-based solutions, which could reduce demand for our offerings. To compete effectively we will likely be required to increase our investment in research and development, as well as the personnel and third-party services required to improve reliability and lower the cost of delivery of our cloud-based solutions. This may increase our costs more than we anticipate and may adversely impact our results of operations.

Our current and potential competitors may also establish cooperative relationships among themselves or with third parties to further enhance their resources and offerings. Current or potential competitors may be acquired by other vendors or third parties with greater available resources. As a result of such acquisitions, our current or potential competitors might be more able than we are to adapt quickly to new technologies and customer needs, to devote greater resources to the promotion or sale of their products and services, to initiate or withstand substantial price competition, or to take advantage of emerging opportunities by developing and expanding their product and service offerings more quickly than we can. Additionally, they may hold larger portfolios of patents and other intellectual property rights as a result of such relationships or acquisitions. If we are unable to compete effectively with these evolving competitors for market share, our business, results of operations, and financial condition could be materially and adversely affected.

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

The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patents and other intellectual property rights. In particular, leading companies in the software industry own large numbers of patents, copyrights, trademarks, and trade secrets, which they may use to assert claims against us. From time to time, third parties holding such intellectual property rights, including leading companies, competitors, patent holding companies, and/or non-practicing entities, may assert patent, copyright, trademark, or other intellectual property claims against us, our customers and partners, and those from whom we license technology and intellectual property.

Although we believe that our products and services do not infringe upon the intellectual property rights of third parties, we cannot assure that third parties will not assert infringement or misappropriation claims against us with respect to current or future products or services, or that any such assertions will not require us to enter into royalty arrangements, result in costly litigation, or result in us being unable to use certain intellectual property. We cannot assure that we are not infringing or otherwise violating any third-party intellectual property rights. Infringement assertions from third parties may involve patent holding companies or other patent owners who have no relevant product revenue, and therefore our own issued and pending patents may provide little or no deterrence to these patent owners in bringing intellectual property rights claims against us.

If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay damages, potentially including treble damages and attorneys' fees, if we are found to have willfully infringed a party's intellectual property; cease making, licensing, or using our products or services that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our products or services; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or works; and to indemnify our partners, customers, and other third parties. Any of these events could seriously harm our business, results of operations, and financial condition.

We may expand through acquisitions or partnerships with other companies, which may divert our management's attention and result in unexpected operating and technology integration difficulties, increased costs, and dilution to our stockholders.

Our business strategy includes the potential acquisition of shares or assets of companies with software, technologies, or businesses complementary to ours. Our strategy also includes alliances with such companies. For example, in March 2016, we acquired EagleEye Analytics Inc., a provider of cloud-based predictive analytics products designed for P&C insurers; in August 2016, we acquired FirstBest Systems, Inc., a provider of an underwriting management system for P&C insurers; in February 2017, we acquired ISCS, Inc., a provider of a cloud-based, all-in-one platform that offers policy, billing, and claims management functionality for P&C insurers; and in November 2017, we acquired Cyence, a Software-as-a-Service company that applies data science and risk analytics to enable P&C insurers to underwrite "21st century risks" such as terrorism, cybersecurity, and reputational risk. Each of these acquisitions was initially dilutive to earnings. Acquisitions and alliances may result in unforeseen operating difficulties and expenditures and may not result in the benefits anticipated by such corporate activity. In particular, we may fail to assimilate or integrate the businesses, technologies, services, products, personnel, or operations of the acquired companies, retain key personnel necessary to favorably execute the combined companies' business plan, or retain existing customers or sell acquired products to new customers. Acquisitions and alliances may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for ongoing development of our current business. In addition, we may be required to make additional capital investments or undertake remediation efforts to ensure the success of our acquisitions, which may reduce the benefits of such acquisitions. We also may be required to use a substantial amount of our cash or issue debt or equity securities to complete an acquisition or realize the potential of an alliance, which could deplete our cash reserves and/or dilute our existing stockholders. Following an acquisition or the establishment of an alliance offering new products, the timing of revenue from the sale of products that we acquired or that result from the alliance, or from the sale of a bundle of products that includes such new products, may be different than the timing of revenue from existing products. In addition, our ability to maintain favorable pricing of new products may be challenging if we bundle such products with sales of existing products. A delay in the recognition of revenue from sales of acquired or alliance products, or reduced pricing due to bundled sales, may cause fluctuations in our quarterly financial results, may adversely affect our operating margins, and may reduce the benefits of such acquisitions or alliances.

Additionally, competition within the software industry for acquisitions of businesses, technologies, and assets has been, and may continue to be, intense. As such, even if we are able to identify an acquisition that we would like to pursue, the target may be acquired by another strategic buyer or financial buyer such as a private equity firm, or we may otherwise not be able to complete the acquisition on commercially reasonable terms, if at all. Moreover, in addition to our failure to realize the anticipated benefits of any acquisition, including our revenue or return on investment assumptions, we may be exposed to unknown liabilities or impairment charges to acquired intangible assets and goodwill as a result of acquisitions we do complete.

Changes to financial accounting standards may affect our results of operations and could cause us to change our business practices. The nature of our business requires the application of accounting guidance that requires management to make estimates and assumptions. Additionally, changes in accounting guidance may cause us to experience greater volatility in our quarterly and annual results. If we are unsuccessful in adapting to the requirements of new guidance, or in clearly explaining to stockholders how new guidance affects reporting of our results of operations, our stock price may decline.

We prepare our consolidated financial statements to conform to GAAP. These accounting principles are subject to interpretation by the SEC, FASB, and various bodies formed to interpret and create accounting rules and regulations. New accounting standards, such ASC 606 - Revenue from Contracts with Customers adopted in fiscal year 2019 or ASC 842 - Leases adopted in fiscal year 2020, or the guidance relating to interpretation and adoption of standards could have a significant effect on our financial results and could affect our business. Additionally, the FASB and the SEC are focused on the integrity of financial reporting, and accounting policies are subject to scrutiny by regulators and the public.

We cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward. In addition, were we to change our critical accounting estimates, including those related to the timing of revenue recognition and those used to allocate revenue between various performance obligations, our reported revenue and results of operations could be significantly impacted. For example, the adoption of ASC 606 introduced may risks including the following:

- investors' misunderstanding of our business and underlying trends and what they could mean for the underlying success of our business;
- misinterpretation of historic and future trends; and
- mistakes by us in explaining our historical results or new known trends under ASC 606.

In order to reduce the risk of financial statement volatility, we revised our contracting practices primarily by shortening the initial non-refundable term of our licenses. If we are unsuccessful in adapting to the requirements of the new revenue standard, or if changes to our go-to-market strategy create new risks, then we may experience greater volatility in our quarterly and annual results, which may cause our stock price to decline.

In addition, GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. Further, under ASC 606, more judgment and estimates are required within the revenue recognition process than was required under previous GAAP. Despite no change in associated cash flows, we currently anticipate that this standard could create additional volatility in our reported revenue and results of operations, which may cause our stock price to decline.

The restatement of our financial statements may lead to additional risks and uncertainties, including regulatory, stockholder or other actions, loss of investor and counterparty confidence and negative impacts on our stock price.

Our audit committee, after consultation with management and discussion with our independent registered public accounting firm, concluded that our previously issued consolidated financial statements for the fiscal years ended July 31, 2018 and 2017 should be restated for the reasons described in the "Explanatory Note" preceding Part I, Item 1 and "Note 1 — The Company and Summary of Significant Accounting Policies — Restatement of Annual Consolidated Financial Statements" of the Consolidated Financial Statements under Item 8 of Part II of our 2018 Form 10-K/A for the fiscal year ended July 31, 2018, filed on June 3, 2019.

As a result of the restatement and associated non-reliance on our previously issued consolidated financial statements for the fiscal years ended July 31, 2018 and 2017, we incurred a number of additional costs and are subject to additional risks, including unanticipated costs for accounting and legal fees in connection with or related to the restatement. In addition, the attention of our management team was diverted by these efforts. We could also be subject to regulatory, stockholder, or other actions in connection with the restatement, which would, regardless of the outcome, consume management's time and attention and may result in additional legal, accounting, and other costs. If we do not prevail in any such proceedings, we could be required to pay damages or settlement costs. In addition, the restatement and related matters could impair our reputation or could cause our customers, stockholders, or other counterparties to lose confidence in us. Any of these occurrences could have a material adverse effect on our business, results of operations, financial condition, and stock price.

If we fail to maintain effective internal control over financial reporting in the future or identify a material weakness in our internal control over financial reporting, our ability to report our financial condition and results of operations in a timely and accurate manner could be adversely affected, investor confidence in our company could diminish, and the value of our common stock may decline.

Preparing our consolidated financial statements involves a number of complex manual and automated processes, which are dependent upon individual data input or review and require significant management judgment. One or more of these processes may result in errors that may not be detected and could result in a material misstatement of our consolidated financial statements. The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires, among other things, that as a publicly-traded company we disclose whether our internal control over financial reporting and disclosure controls and procedures are effective.

In connection with the restatement of our financial results for the fiscal years ended July 31, 2018 and 2017, management identified a material weakness in our internal control over financial reporting related to the ineffective design and operation of certain process level internal controls over the existence and accuracy of revenue transactions as of July 31, 2018. The deficiency arose because we did not conduct an effective assessment to identify risks of material misstatement related to the

existence and accuracy of revenue transactions related to certain customer contracts that were amended to extend the initial license term by one year. In response, we implemented changes to our processes and controls during fiscal year 2019, which we believe have remediated this material weakness, as further described in Item 9A — "Controls and Procedures" of Part II of our Annual Report on Form 10-K for the fiscal year ended July 31, 2019.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

While we continually undertake steps to improve our internal control over financial reporting, we may not be successful in making the improvements necessary to be able to identify and remediate additional control deficiencies or material weaknesses in the future. If we are unable to successfully remediate any future material weaknesses in our internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected; our liquidity, access to capital markets and perceptions of our creditworthiness may be adversely affected; we may be unable to maintain compliance with securities laws, stock exchange listing requirements and debt instruments covenants regarding the timely filing of periodic reports; we may be subject to regulatory investigations and penalties; investors may lose confidence in our financial reporting; we may suffer defaults under our debt instruments; and our stock price may decline.

Further, we have incurred significant expense, including audit, legal, consulting, and other professional fees in connection with the restatement of our consolidated financial statements as of and for the years ended July 31, 2018 and 2017 and the remediation of the material weakness in our internal control over financial reporting. Our management's attention was also diverted from the operation of our business as a result of the time and attention required to address the remediation of the material weakness in our internal controls. In addition, we cannot assure you that we will not discover other material weaknesses in the future.

If another material misstatement occurs in the future, we may fail to meet our future reporting obligations. For example, we may fail to file periodic reports in a timely manner or may need to restate our financial results, either of which may cause the price of our stock to decline. Any failure of our internal controls could also adversely affect the results of the periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that are required under Section 404 of the Sarbanes-Oxley Act. Effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent financial fraud.

Our sales and implementation cycles are lengthy and variable, depend upon factors outside our control, and could cause us to expend significant time and resources prior to generating revenue.

The typical sales cycle for our products and services is lengthy and unpredictable, requires pre-purchase evaluation by a significant number of employees in our customers' organizations, often involves a significant operational decision by our customers, and could be affected by factors outside of our control. Our sales efforts involve educating our customers about the use and benefits of our products, including the technical capabilities of our products and the potential cost savings achievable by organizations deploying our products. Customers typically undertake a significant evaluation process, which frequently involves not only our products, but also those of our competitors and can result in a lengthy sales cycle. We spend substantial time, effort, and money in our sales efforts without any assurance that our efforts will produce sales. Even if we succeed at completing a sale, we may be unable to predict the size of the initial contract until very late in the sales cycle. In addition, we sometimes commit to include specific functions in our base product offering at the request of a customer or group of customers and are unable to recognize revenue until the specific functions have been added to our products. Providing this additional functionality may be time consuming and may involve factors that are outside of our control. Customers may also insist that we commit to certain time frames in which systems built around our products will be operational or that once implemented our products will be able to meet certain operational requirements. Our ability to meet such timeframes and requirements may involve factors that are outside of our control, and failure to meet such timeframes and requirements could result in us incurring penalties and costs and/or making additional resource commitments, which would adversely affect our business and results of operations.

The implementation and testing of our products by our customers typically lasts 6 to 24 months or longer and unexpected implementation delays and difficulties can occur. Implementing our products typically involves integration with our customers' and third parties' systems, as well as adding customer and third-party data to our platform. This process can be complex, time consuming, and expensive for our customers and can result in delays in the implementation and deployment of our products. Failing to meet the expectations of our customers during the implementation of our products could result in a loss of customers and negative publicity about us and our products and services. Such failure could result from deficiencies in our product

capabilities or inadequate service engagements by us, our SI partners, or our customers' employees, the latter two of which are beyond our direct control. The consequences of such failure could include and have included: monetary credits for current or future service engagements, reduced fees for additional product sales or upon renewals of existing licenses, and a customer's refusal to pay their contractually-obligated license, maintenance, or service fees. In addition, time-consuming implementations may also increase the amount of services personnel we must allocate to each customer, thereby increasing our costs and adversely affecting our business, results of operations, and financial condition.

Furthermore, our sales and implementation cycles could be interrupted or affected by other factors outside of our control. For example, we are closely monitoring coronavirus and its potential impacts on our business. We currently have formal restrictions on travel in place, which are in accordance with recommendations by the U.S. government and The Centers for Disease Control and Prevention, and our customers and prospects are likewise enacting their own preventative policies and travel restrictions. Widespread restrictions on travel and in-person meetings could affect services delivery, delay implementations, and interrupt sales activity and we cannot predict whether, for how long, or the extent to which the coronavirus outbreak may adversely affect our business, results of operations, and financial condition.

Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that result in increased cost of sales, decreased revenue, and lower average selling prices and gross margins, all of which could harm our results of operations.

Some of our customers include the world's largest P&C insurers. These customers have significant bargaining power when negotiating new licenses or subscriptions or renewals of existing agreements, and have the ability to buy similar products from other vendors or develop such systems internally. These customers have and may continue to seek advantageous pricing and other commercial and performance terms and may require us to develop additional features in the products we sell to them. We have been required to, and may continue to be required to, reduce the average selling price of our products in response to these pressures. If we are unable to avoid reducing our average selling prices, our results of operations could be harmed.

Our business depends on customers renewing and expanding their license, maintenance and subscription contracts for our products. A decline in our customer renewals and expansions could harm our future results of operations.

Our customers have no obligation to renew their term licenses or subscriptions after their contract period expires, and these licenses and subscriptions, if renewed, may be done so on less favorable terms. Moreover, under certain circumstances, our customers have the right to cancel their licenses or subscriptions before they expire. We may not accurately predict future trends in customer renewals. In addition, our perpetual license customers have no obligation to renew their maintenance arrangements after the expiration of the initial contractual period. Our customers' renewal rates may fluctuate or decline because of several factors, including their satisfaction or dissatisfaction with our products and services, the prices of our products and services, the prices of products and services offered by our competitors, reductions in our customers' spending levels due to the macroeconomic environment or other factors, or the sale of their operations to a buyer that is not a current customer.

Also, in some cases, our customers have a right to exercise a perpetual buyout of their term licenses at the end of the initial contract term, which if exercised would eliminate future term license revenue. If our customers do not renew their term licenses or subscriptions for our solutions or renew on less favorable terms, our revenue may decline or grow more slowly than expected and our profitability may be harmed.

Our customers may defer or forego purchases of our products or services in the event of weakened global economic conditions, political transitions, and industry consolidation.

General worldwide economic conditions remain unstable and prolonged economic uncertainties or downturns could harm our business operations or financial results. In particular, pursuant to a decision by referendum in June 2016, the United Kingdom (U.K.) voted to withdraw from the European Union ("Brexit"). The U.K. subsequently withdrew from the European Union on January 31, 2020, subject to a transition period that is set to end on December 31, 2020. Brexit has caused significant volatility in global stock markets and fluctuations in currency exchange rates. Brexit has also caused, and may continue to cause, delays in purchasing decisions by our potential and current customers affected by this transition due to the considerable political and economic uncertainty created by Brexit and uncertainty as to the nature of the U.K.'s long-term relationship with the European Union. Brexit may further result in new regulatory and cost challenges to our U.K. and global operations, particularly with respect to data protection. It is currently unclear how the U.K.'s decision to leave the European Union will affect the U.K.'s enactment of the European General Data Protection Regulation, and how data transfers to and from the U.K. will be regulated. Depending on the market and regulatory effects of Brexit, it is possible that there may be adverse practical or

operational implications on our business, and prolonged economic uncertainties or downturns caused by Brexit could harm our business and results of operations.

Further, Brexit, or other global events such as the recent imposition of various trade tariffs by the United States and China and the coronavirus epidemic, may continue to create global economic uncertainty in regions in which we have significant operations. These conditions may make it difficult for our customers and us to forecast and plan future business activities accurately, and they could cause our customers to reevaluate their decision to purchase our products, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Moreover, during challenging economic times our customers may face issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. If that were to occur, we may not receive amounts owed to us and may be required to record an allowance for doubtful accounts, which would adversely affect our financial results. A substantial downturn in the P&C insurance industry may cause firms to react to worsening conditions by reducing their capital expenditures, reducing their spending on information technology, delaying or canceling information technology projects, or seek to lower their costs by renegotiating vendor contracts. Negative or worsening conditions in the general economy both in the United States and abroad, including conditions resulting from financial and credit market fluctuations, could cause a decrease in corporate spending on enterprise software in general, and in the insurance industry specifically, and negatively affect the rate of growth of our business.

Furthermore, the increased pace of consolidation in the P&C insurance industry may result in reduced overall spending on our products. Acquisitions of customers can delay or cancel sales cycles and because we cannot predict the timing or duration of such acquisitions, our results of operations could be materially impacted by the change in the industry.

Factors outside of our control, including, but not limited to, natural catastrophes and terrorism may adversely impact the P&C insurance industry, preventing us from expanding or maintaining our existing customer base and increasing our revenue.

Our customers are P&C insurers that have experienced, and will likely experience in the future, losses from catastrophes or terrorism that may adversely impact their businesses. Catastrophes can be caused by various events, including, without limitation, hurricanes, tsunamis, floods, windstorms, earthquakes, hail, tornadoes, explosions, severe weather, epidemics, and fires. Global warming trends are contributing to an increase in erratic weather patterns globally and intensifying the impact of certain types of catastrophes. Moreover, acts of terrorism or war could cause disruptions to our business or our customers' businesses or the economy as a whole. The risks associated with natural catastrophes and terrorism are inherently unpredictable, and it is difficult to forecast the timing of such events or estimate the amount of losses they will generate. In recent years, for example, parts of the United States suffered extensive damage due to multiple hurricanes and fires and Australia experienced extensive damage due to fires. The combined and expected effect of those losses on P&C insurers is significant. Such losses and losses due to future events may adversely impact our current or potential customers, which may prevent us from maintaining or expanding our customer base and increasing our revenue, as such events may cause customers to postpone purchases of new offerings and professional service engagements or to discontinue existing projects.

Our ability to sell our products is highly dependent on the quality of our professional services and technical support services and the support of our SI partners, and the failure of us or our SI partners to offer high-quality professional services or technical support services could damage our reputation and adversely affect our ability to sell our products and services to new customers and renew agreements with our existing customers.

If we or our SI partners do not effectively assist our customers in deploying our products, successfully help our customers quickly resolve post-deployment issues, and provide effective ongoing support, our ability to renew existing agreements and sell additional products and services to existing customers would be adversely affected and our reputation with potential customers could be damaged. Once our products are deployed and integrated with our customers' existing information technology environment, our customers may depend on our technical support services and/or the support of SI partners or internal resources to resolve any issues relating to our products. High-quality support is critical for the continued successful marketing and sale of our products. In addition, as we continue to expand our operations internationally, our support organization will face additional challenges, including those associated with delivering support, training, and documentation in languages other than English. Many enterprise customers require higher levels of support than smaller customers. If we fail to meet the requirements of our larger customers, it may be more difficult to sell additional products and services to these customers, a key strategy for the growth of our revenue and profitability. In addition, as we further expand our cloud-based products, our professional services and support organization will face new challenges, including hiring, training, and integrating a large number of new professional services personnel with experience in delivering high-quality support for cloud-based offerings. Further, as we continue to rely on SIs to provide deployment and on-going services, our ability to ensure a high level of quality in addressing customer issues is diminished as we may be unable to control the quality or timeliness of the implementation of our products and services by our SI partners. Our failure to maintain high-quality implementation and

support services, or to ensure that SIs provide the same, could have a material adverse effect on our business, results of operations, financial condition, and growth prospects.

If we are unable to continue the successful development of our global direct sales force and the expansion of our relationships with our strategic partners, sales of our products and services will suffer and our growth could be slower than we project.

We believe that our future growth will depend on the continued recruiting, retention, and training of our global direct sales force and their ability to obtain new customers, both large and small P&C insurers, and to manage our existing customer base. New hires require significant training and may, in some cases, take more than a year before becoming productive, if at all. If we are unable to hire and develop sufficient numbers of productive global direct sales personnel, sales of our products and services will suffer and our growth will be impeded.

We believe our future growth also will depend on the retention and expansion of successful relationships with SIs, including with SIs that will focus on products we may acquire in the future. Our SIs as channel partners help us reach additional customers. Our growth in revenue, particularly in international markets, will be influenced by the development and maintenance of this indirect sales channel which, in some cases, may require the establishment of effective relationships with regional SIs. Although we have established relationships with some of the leading SIs, our products and services may compete directly against products and services that such leading SIs support or market. Additionally, we are unable to control the quantity or quality of resources that our SI partners commit to implementing our products, or the quality or timeliness of such implementations. If our partners do not commit sufficient or qualified resources to these activities, our customers will be less satisfied, be less supportive with references, or may require the investment of our resources at discounted rates. These, and other failures by our partners to successfully implement our products, would have an adverse effect on our business and our results of operations could fail to grow in line with our projections.

If we are unable to develop, introduce and market new and enhanced versions of our products, we may be put at a competitive disadvantage.

Our success depends on our continued ability to develop, introduce, and market new and enhanced versions of our products to meet evolving customer requirements. Because some of our products are complex and require rigorous testing, development cycles can be lengthy, taking us multiple years to develop and introduce new products or provide updates to our existing products. Additionally, market conditions may dictate that we change the delivery method of our products or the technology platform underlying our existing products or that new products be developed on different technology platforms, potentially adding material time and expense to our development cycles. The nature of these development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we generate revenue, if any, from such expenses.

If we fail to develop new products, enhance our existing products, or migrate our products to the cloud, our business could be adversely affected, especially if our competitors are able to introduce products with enhanced functionality in the cloud. It is critical to our success for us to anticipate changes in technology, industry standards, and customer requirements and to successfully introduce new, enhanced, and competitive products to meet our customers’ and prospective customers’ needs on a timely basis. We have invested and intend to increase investments in research and development to meet these challenges. Revenue may not be sufficient to support the future product development that is required for us to remain competitive. If we fail to develop products in a timely manner that are competitive in technology and price or develop products that fail to meet customer demands, our market share will decline and our business and results of operations could be harmed. If our research and development efforts do not develop products or features that our customers find valuable, then we might incur impairment charges related to our capitalized software development costs.

We have implemented a new enterprise resource planning system as well as other accounting and sales systems. If these new systems prove ineffective, we may be unable to timely or accurately prepare financial reports, or invoice and collect from our customers.

We have completed the transition to our new enterprise resource planning (“ERP”) system and other accounting systems, including a new revenue reporting system, as of the beginning of fiscal year 2019. These systems are critical for accurately maintaining books and records and preparing our consolidated financial statements. While we have invested significant amounts, including for additional personnel and third-party consultants, to implement these systems, we cannot be assured that we will not experience difficulties following the transition. Any errors in our new ERP system could adversely affect our operations, including our ability to accurately report our financial results in a timely manner, file our quarterly or annual reports with the SEC, and invoice and collect from our customers, each of which may harm our operations and reduce investor

confidence. Data integrity problems or other issues may be discovered even though the transition is complete which, if not corrected, could impact our business, reputation, reporting, disclosures or results of operations. If we encounter unforeseen difficulties with our new ERP and revenue systems, there will be additional demands on our management team and our business, operations, and results of operations could be adversely affected.

If we are unable to retain our personnel and hire and integrate additional skilled personnel, we may be unable to achieve our goals and our business will suffer.

Our future success depends upon our ability to continue to attract, train, integrate, and retain highly skilled employees, particularly our executive officers, sales and marketing personnel, professional services personnel, cloud operations personnel, and software engineers, especially as we transition to a business model focused on delivering cloud-based offerings. Our inability to attract and retain qualified personnel, or delays in hiring required personnel, may seriously harm our business, results of operations, and financial condition. If U.S. immigration policy related to skilled foreign workers were materially adjusted, such a change could hamper our efforts to hire highly skilled foreign employees, including highly specialized engineers, which would adversely impact our business.

Any one of our executive officers and other key employees could terminate his or her relationship with us at any time. The loss of one or more of our executive officers or key employees, and any failure to have in place and execute an effective succession plan for key executive officers, could significantly delay or prevent us from achieving our business and/or development objectives and could materially harm our business. Changes in our executive management team may also cause disruptions in, and harm to, our business. Marcus Ryu, one of our co-founders and our former chief executive officer and president, transitioned to his role as chairman of the board of directors on August 3, 2019 and Mike Rosenbaum was appointed our chief executive officer. Further, on January 10, 2020, our chief financial officer notified us of his intent to resign from his position with the Company, effective following the filing of the Quarterly Report on Form 10-Q for the quarter ended January 31, 2020. Although we strive to reduce the challenges of these transitions, failure to ensure effective transfer of knowledge and a smooth transition could disrupt or adversely affect our business, results of operations, financial condition, and prospects.

We face competition for qualified individuals from numerous software and other technology companies. Competition for qualified personnel is particularly intense in the San Francisco Bay Area, where our headquarters are located, though we also face significant competition in all of our domestic and foreign development centers. Further, significant amounts of time and resources are required to train technical, sales, services, operations, and other personnel. We may incur significant costs to attract, train, and retain such personnel, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment after recruiting and training them.

Also, to the extent that we hire personnel from competitors, we may be subject to allegations that such personnel have been improperly solicited or have divulged proprietary or other confidential information. In addition, we have a limited number of sales people and the loss of several sales people within a short period of time could have a negative impact on our sales efforts. We may be unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational, and managerial requirements, or we may be required to pay increased compensation in order to do so.

Further, our ability to expand geographically depends, in large part, on our ability to attract, retain, and integrate managers to lead the local business and employees with the appropriate skills. Similarly, our profitability depends on our ability to effectively utilize personnel with the right mix of skills and experience to perform services for our clients, including our ability to transition employees to new assignments on a timely basis. If we are unable to effectively deploy our employees globally on a timely basis to fulfill the needs of our clients, our reputation could suffer and our ability to attract new clients may be harmed.

Because of the technical nature of our products and services and the dynamic market in which we compete, any failure to attract, integrate, and retain qualified direct sales, professional services, operations, and product development personnel, as well as our contract workers, could harm our ability to generate sales, deliver consulting services, manage our customers' cloud environments, or successfully develop new products and enhancements of existing products.

Real or perceived errors or failures in our products or implementation services may affect our reputation, cause us to lose customers and reduce sales which may harm our business and results of operations and subject us to liability for breach of warranty claims.

Because we offer complex products, undetected errors or failures may exist or occur, especially when products are first introduced or when new versions are released. Our products are often installed and used in large-scale computing environments with different operating systems, system management software and equipment, and networking configurations, which may cause errors or failures in our products or may expose undetected errors, failures, or bugs in our products. Despite testing by us,

we may not identify all errors, failures, or bugs in new products or releases until after commencement of commercial sales or installation. In the past, we have discovered software errors, failures, and bugs in some of our product offerings after their introduction. Additionally, our Guidewire Cloud offerings rely on third-party hosting services. Any material disruption or slowdown in these services or the systems of third parties who we depend upon could cause outages or delays in our services which could harm our brand and adversely affect our operating results.

We provide our customers with upfront estimates regarding the duration, resources, and costs associated with the implementation of our products. Failure to meet these upfront estimates and the expectations of our customers could result from our product capabilities or service engagements performed by us, our SI partners, or our customers' employees, the latter two of which are beyond our direct control. The consequences could include, and have included: monetary credits for current or future service engagements, reduced fees for additional product sales, or a customer's refusal to pay its contractually-obligated fees. In addition, time-consuming implementations may also increase the amount of services personnel we must allocate to each customer, thereby increasing our costs and adversely affecting our business, results of operations, and financial condition.

The license, subscription, and support of our software creates the risk of significant liability claims against us. Our license and subscription agreements with our customers contain provisions designed to limit our exposure to potential liability claims. It is possible, however, that the limitation of liability provisions contained in such agreements may not be enforced as a result of international, federal, state, and local laws or ordinances or unfavorable judicial decisions. Breach of warranty or damage liability, or injunctive relief resulting from such claims, could harm our results of operations, and financial condition.

Failure of any of our established products or services to satisfy customer demands or to maintain market acceptance would harm our business, results of operations, financial condition, and growth prospects.

We derive a significant majority of our revenue and cash flows from our established product offerings, including Guidewire InsuranceSuite, Guidewire InsuranceNow, and our digital and data products. We expect to continue to derive a substantial portion of our revenue from these sources. As such, continued market acceptance of these products is critical to our growth and success. Demand for our products is affected by a number of factors, some of which are beyond our control, including the successful implementation of our products, the timing of development and release of new products by us and our competitors, technological advances that reduce the appeal of our products, and the growth or contraction in the worldwide market for technological solutions for the P&C insurance industry. If we are unable to continue to meet customer demands, to achieve and maintain a technological advantage over competitors, or to maintain market acceptance of our products, our business, results of operations, financial condition and growth prospects may be adversely affected.

Our international sales and operations subject us to additional risks that can adversely affect our business, results of operations, and financial condition.

We sell our products and services to customers located outside the United States, and we are continuing to expand our international operations as part of our growth strategy. In fiscal years 2019, 2018, and 2017, $272.9 million, $243.1 million, and $208.5 million of our revenue, respectively, was from customers outside of the United States. Our current international operations and our plans to expand our international operations subject us to a variety of risks, including:

- increased management, travel, infrastructure, and legal compliance costs associated with having multiple international operations;
- unique terms and conditions in contract negotiations imposed by customers in foreign countries;
- longer payment cycles and difficulties in enforcing contracts and collecting accounts receivable;
- the need to localize our products and licensing and subscription programs for international customers;
- lack of familiarity with and unexpected changes in foreign regulatory requirements;
- increased exposure to fluctuations in currency exchange rates;
- highly inflationary international economies, such as Argentina;
- the burdens and costs of complying with a wide variety of foreign laws and legal standards, including the General Data Protection Regulation in the European Union;
- compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), the U.K. Bribery Act and other anti-corruption regulations, particularly in emerging market countries;
- compliance by international staff with accounting practices generally accepted in the United States, including adherence to our accounting policies and internal controls;
- import and export license requirements, tariffs, taxes and other trade barriers;
- increased financial accounting and reporting burdens and complexities;
- weaker protection of intellectual property rights in some countries;
- multiple and possibly overlapping tax regimes;

- government sanctions that may interfere with our ability to sell into particular countries, such as Russia;
- disruption to our operations caused by epidemics, such as the coronavirus; and
- political, social, and economic instability abroad, terrorist attacks, and security concerns in general.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Any of these risks could harm our international operations and reduce our international sales, adversely affecting our business, results of operations, financial condition and growth prospects.

Failure to manage our expanding operations effectively could harm our business.

We have experienced consistent growth and expect to continue to expand our operations, including the number of employees and the locations and scope of our international operations. This expansion has placed, and will continue to place, a significant strain on our operational and financial resources and our personnel. To manage our anticipated future operational expansion effectively, we must continue to maintain and may need to enhance our information technology infrastructure and financial and accounting systems and controls, and manage expanded operations and employees in geographically distributed locations. Our growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of new products or investments in cloud operations. If we increase the size of our organization without experiencing an increase in sales of our products and services, we will experience reductions in our gross and operating margins and net income. If we are unable to effectively manage our expanding operations, our expenses may increase more than expected, our revenue could decline or grow more slowly than expected, and we may be unable to implement our business strategy.

Failure to protect our intellectual property could substantially harm our business and results of operations.

Our success depends in part on our ability to enforce and defend our intellectual property rights. We rely upon a combination of trademark, trade secret, copyright, patent, and unfair competition laws, as well as license agreements and other contractual provisions, to do so.

We have filed, and may in the future file, patent applications related to certain of our innovations. We do not know whether those patent applications will result in the issuance of a patent or whether the examination process will require us to narrow our claims. In addition, we may not receive competitive advantages from the rights granted under our patents and other intellectual property. Our existing patents and any patents granted to us or that we otherwise acquire in the future, may be contested, circumvented, or invalidated, and we may not be able to prevent third parties from infringing these patents. Therefore, the extent of the protection afforded by these patents cannot be predicted with certainty. In addition, given the costs, effort, risks, and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for certain innovations; however, such patent protection could later prove to be important to our business.

We also rely on several registered and unregistered trademarks to protect our brand. Nevertheless, competitors may adopt service names similar to ours, or purchase our trademarks and confusingly similar terms as keywords in Internet search engine advertising programs, thereby impeding our ability to build brand identity and possibly leading to confusion in the marketplace. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our trademarks. Any claims or customer confusion related to our trademarks could damage our reputation and brand and substantially harm our business and results of operations.

We attempt to protect our intellectual property, technology, and confidential information by generally requiring our employees and consultants to enter into confidentiality agreements and assignment of inventions agreements and third parties to enter into nondisclosure agreements, all of which offer only limited protection. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property, or technology. Despite our efforts to protect our confidential information, intellectual property, and technology, unauthorized third parties may gain access to our confidential proprietary information, develop and market products or services similar to ours, or use trademarks similar to ours, any of which could materially harm our business and results of operations. In addition, others may independently discover our trade secrets and confidential information, and in such cases, we could not assert any trade secret rights against such parties. Existing United States federal, state, and international intellectual property laws offer only limited protection. The laws of some foreign countries do not protect our intellectual property rights to as great an extent as the laws of the United States, and many foreign countries do not enforce these laws as diligently as governmental agencies and

private parties in the United States. Moreover, policing our intellectual property rights is difficult, costly, and may not always be effective.

From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others, or to defend against claims of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, reputation, results of operations, and financial condition. If we are unable to protect our technology and to adequately maintain and protect our intellectual property rights, we may find ourselves at a competitive disadvantage to others who need not incur the additional expense, time, and effort required to create the innovative products that have enabled us to be successful to date.

We and our customers rely on technology and intellectual property of third parties, the loss of which could limit the functionality of our products and disrupt our business.

We use technology and intellectual property licensed from unaffiliated third parties in certain of our products, and we may license additional third-party technology and intellectual property in the future. Any errors or defects in this third-party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all. The loss of the right to license and distribute this third-party technology could limit the functionality of our products and might require us to redesign our products.

We may be obligated to disclose our proprietary source code to our customers, which may limit our ability to protect our intellectual property and could reduce the renewals of our support and maintenance services.

Our software license agreements typically contain provisions permitting the customer to become a party to, or a beneficiary of, a source code escrow agreement under which we place the proprietary source code for our applicable products in escrow with a third party. Under these escrow agreements, the source code to the applicable product may be released to the customer, typically for its use to maintain, modify, and enhance the product, upon the occurrence of specified events, such as our filing for bankruptcy, discontinuance of our maintenance services, and breaching our representations, warranties, or covenants of our agreements with our customers. Additionally, in some cases, customers have the right to request access to our source code upon demand. Some of our customers have obtained the source code for certain of our products by exercising this right, and others may do so in the future.

Disclosing the content of our source code may limit the intellectual property protection we can obtain or maintain for that source code or the products containing that source code and may facilitate intellectual property infringement claims against us. It also could permit a customer to which a product’s source code is disclosed to support and maintain that software product without being required to purchase our support or maintenance services. Each of these could harm our business, results of operations, and financial condition.

Some of our services and technologies may use “open source” software, which may restrict how we use or distribute our services or require that we release the source code of certain products subject to those licenses.

Some of our services and technologies may incorporate software licensed under so-called “open source” licenses. 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 origin of the software. Additionally, some open source licenses require that source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. These open source licenses typically mandate that proprietary software, when combined in specific ways with open source software, become subject to the open source license. If we combine our proprietary software in such ways with open source software, we could be required to release the source code of our proprietary software.

We take steps to ensure that our proprietary software is not combined with, and does not incorporate, open source software in ways that would require our proprietary software to be subject to many of the restrictions in an open source license. However, few courts have interpreted open source licenses, and the manner in which these licenses may be interpreted and enforced is therefore subject to some uncertainty. Additionally, we rely on hundreds of software programmers to design our proprietary technologies, and although we take steps to prevent our programmers from including objectionable open source software in the technologies and software code that they design, write and modify, we do not exercise complete control over the development efforts of our programmers and we cannot be certain that our programmers have not incorporated such open source software into our proprietary products and technologies or that they will not do so in the future. In the event that portions

of our proprietary technology 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 technologies, or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our services and technologies and materially and adversely affect our business, results of operations, and prospects.

Incorrect or improper use of our products or our failure to properly train customers on how to utilize our products could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition, and growth prospects.

Our products are complex and are deployed in a wide variety of network environments. The proper use of our products requires training of the customer. If our products are not used correctly or as intended, inadequate performance may result. Our products may also be intentionally misused or abused by customers or their employees or third parties who are able to access or use our products. Because our customers rely on our products, services, and maintenance support to manage a wide range of operations, the incorrect or improper use of our products, our failure to properly train customers on how to efficiently and effectively use our products, or our failure to properly provide maintenance services to our customers may result in negative publicity or legal claims against us. Also, any failure by us to properly provide training or other services to existing customers will likely result in lost opportunities for follow-on and increased sales of our products and services.

In addition, if there is substantial turnover of customer personnel responsible for the use of our products, or if customer personnel are not well trained in the use of our products, customers may defer the deployment of our products, may deploy them in a more limited manner than originally anticipated, or may not deploy them at all. Further, if there is substantial turnover of the customer personnel responsible for use of our products, our ability to make additional sales may be substantially limited.

Our revenue, results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Argentine Peso, Australian Dollar, Brazilian Real, British Pound, Canadian Dollar, Danish Kroner, Euro, Indian Rupee, Japanese Yen, Malaysian Ringgit, New Zealand Dollar, Polish Zloty, Russian Ruble, and Swiss Franc.

The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Although we believe our operating activities act as a natural hedge for a substantial portion of our foreign currency exposure at the cash flow or operating income level because we typically collect revenue and incur costs in the currency of the location in which we provide our applications and services, our relationships with our customers are long-term in nature so it is difficult to predict if our operating activities will provide a natural hedge in the future. In addition, because our contracts are characterized by large annual payments, significant fluctuations in foreign currency exchange rates that coincide with annual payments may affect our revenue or financial results in such quarter. Our results of operations may also be impacted by transaction gains or losses related to revaluing certain current asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. Moreover, significant and unforeseen changes in foreign currency exchange rates may cause us to fail to achieve our stated projections for revenue and operating income, which could have an adverse effect on our stock price. For example, in fiscal year 2018, the Argentine economy became highly inflationary; however, our Argentina entity continues to have minimal activity through January 31, 2020. We will continue to experience fluctuations in foreign currency exchange rates, which, if material, may harm our revenue or results of operations.

Privacy concerns could result in regulatory changes and impose additional costs and liabilities on us, limit our use of information, and adversely affect our business.

As adoption of our cloud-based services occurs, the amount of customer data, including customer personal information, that we manage, hold, and/or collect continues to increase. In addition, a limited number of our product solutions may collect, process, store, and use transaction-level data aggregated across insurers using our common data model. We anticipate that over time we will continue to expand the use and collection of personal information as greater amounts of such personal information may be transferred from our customers to us and we recognize that personal privacy has become a significant issue in the United States, Europe, and many other jurisdictions where we operate. Many federal, state, and foreign legislatures and government agencies have imposed or are considering imposing restrictions and requirements about the collection, use, and disclosure of personal information.

Changes to laws or regulations affecting privacy could impose additional costs and liabilities, including fines, on us and could limit our use of such information to add value for customers, including for example, the California Consumer Privacy Act. If we were required to change our business activities or revise or eliminate services, or to implement burdensome compliance measures, our business and results of operations could be harmed. In addition, we may be subject to fines, penalties, and potential litigation if we fail to comply with applicable privacy and/or data security laws, regulations, standards, and other

requirements. The costs of compliance with and other burdens imposed by privacy-related laws, regulations, and standards may limit the use and adoption of our product solutions and reduce overall demand.

Furthermore, concerns regarding data privacy and/or security may cause our customers' customers to resist providing the data and information necessary to allow our customers to use our product solutions effectively. Even the perception that the privacy and/or security of personal information is not satisfactorily managed, or does not meet applicable legal, regulatory, and other requirements, could inhibit sales of our products or services, and could limit adoption of our solutions, resulting in a negative impact on our sales and results from operations.

Privacy concerns in the European Union are evolving and we may face fines and other penalties if we fail to comply with these evolving standards, and compliance with these standards may increase our expenses and adversely affect our business and results of operations.

In the European Community, Directive 95/46/EC (the "Directive") has required European Union member states to implement data protection laws to meet the strict privacy requirements of the Directive, which has resulted in changes in previously accepted practices.

The European Union Commission has formally adopted a new mechanism for the transfer of personal data from the European Union to the United States, branded the "EU-US Privacy Shield" ("Privacy Shield"). We are currently certified with the U.S. Department of Commerce to comply with the Privacy Shield Framework, however, companies will continue to face uncertainty to the extent they operate in both jurisdictions and transfer any "Personal Data" between the two. If we are investigated by a European data protection authority and found to be out of compliance, we could face fines and other penalties. Any such investigation or charges by European data protection authorities could have a negative effect on our existing business and on our ability to attract and retain new customers.

While we will continue to undertake efforts to conform to current regulatory obligations and evolving best practices, we may be unsuccessful in conforming to means of transferring Personal Data from the European Economic Area ("EEA"). We may also experience hesitancy, reluctance, or refusal by European or multi-national customers to continue to use some of our services due to the potential risk exposure of Personal Data transfers and the current data protection obligations imposed on them by certain data protection authorities. Such customers may also view any alternative approaches to the transfer of any Personal Data as being too costly, too burdensome, or otherwise objectionable, and therefore may decide not to do business with us if the transfer of Personal Data is a necessary requirement.

Given our current transition to more cloud-based services and the current data protection landscape in the EU, we may be subject to greater risk of potential inquiries and/or enforcement actions. We may find it necessary to establish alternative systems to maintain Personal Data originating from the European Union in the EEA, which may involve substantial expense and may cause us to need to divert resources from other aspects of our business, all of which may adversely affect our results from operations. Further, any inability to adequately address privacy concerns in connection with our cloud-based services, or comply with applicable privacy or data protection laws, regulations, and policies, could result in additional cost and liability to us, and adversely affect our ability to offer cloud-based services.

In addition, despite the enactment of the UK Data Protection Act, which substantially implemented the European General Data Protection Regulation and became effective in May 2018, it remains unclear exactly how the withdrawal of the U.K. from the European Union will affect transborder data flows, regulators' jurisdiction over our business, and other matters related to how we do business and how we comply with applicable data protection laws in the U.K.

Anticipated further evolution of European Union regulations on this topic, including the impact of Brexit on these regulations in the U.K. and any related changes to the regulatory framework in the U.K., may increase substantially the penalties to which we could be subject in the event of any non-compliance. We may incur substantial expense in complying with the new obligations to be imposed by new regulations and we may be required to make significant changes to our software applications and expanding business operations, all of which may adversely affect our results of operations.

If tax laws change or we experience adverse outcomes resulting from examination of our income tax returns, it could adversely affect our results of operations.

We are subject to federal, state, and local income taxes in the United States and in foreign jurisdictions. Our future effective tax rates and the value of our deferred tax assets could be adversely affected by changes in tax laws, including impacts of the Tax Act. The U.S. Treasury Department, the IRS, and other standard-setting bodies are expected to continue to interpret or issue guidance on how provisions of the Tax Act, including BEAT, will be applied or otherwise administered. As guidance is

issued, we may make adjustments to amounts that we have previously recorded that may materially impact our financial statements in the period in which the adjustments are made and the amount of taxes that we may be required to pay could significantly increase.

In addition, we are subject to the examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from such examinations to determine the adequacy of our provision for income taxes. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe we have made appropriate provisions for taxes in the jurisdictions in which we operate, changes in the tax laws or challenges from tax authorities under existing tax laws could adversely affect our business, financial condition and results of operations.

We may not be able to obtain capital when desired on favorable terms, if at all, and we may not be able to obtain capital or complete acquisitions through the use of equity without dilution to our stockholders.

We may need additional financing to execute on our current or future business strategies, including to develop new or enhance existing products and services, acquire businesses and technologies, or otherwise to respond to competitive pressures.

If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and newly-issued securities may have rights, preferences, or privileges senior to those of existing stockholders. If we accumulate additional funds through debt financing, a substantial portion of our operating cash flow may be dedicated to the payment of principal and interest on such indebtedness, thus limiting funds available for our business activities. We cannot be assured that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available, or are not available on acceptable terms, when we desire them, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our products and services, or otherwise respond to competitive pressures would be significantly limited. Any of these factors could harm our results of operations.

Our business is subject to the risks of earthquakes, fire, floods, and other natural catastrophic events, and to interruption by man-made problems such as computer viruses.

Our corporate headquarters and the majority of our operations are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, tsunami, fire, or a flood, could have a material adverse impact on our business, results of operations, and financial condition. In addition, our information technology systems are vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering. To the extent that such disruptions result in delays or cancellations of customer orders or collections, or the deployment or availability of our products, our business, results of operations, and financial condition would be adversely affected.

Our stock price may be volatile, which could result in securities class action litigation against us.

The market price of our common stock could be subject to wide fluctuations in response to, among other things, the risk factors described in this report, and other factors beyond our control, such as fluctuations in the valuation of companies perceived by investors to be comparable to us and research analyst coverage about our business.

Furthermore, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions, such as recessions, interest rate changes, or international currency fluctuations, have and may continue to affect the market price of our common stock.

In the past, many companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may become the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

We currently do not intend to pay dividends on our common stock and, consequently, the only opportunity to achieve a return on investment is if the price of our common stock appreciates.

We currently do not plan to declare dividends on shares of our common stock in the foreseeable future. Consequently, the only opportunity to achieve a return on investment in our company will be if the market price of our common stock appreciates and shares are sold at a profit.

Certain provisions of our certificate of incorporation and bylaws and of Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our amended and restated certificate of incorporation and our amended and restated bylaws contain provisions that could delay or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions may also prevent or delay attempts by stockholders to replace or remove our current management or members of our board of directors. These provisions include:

- not providing for cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- authorizing our board of directors to issue, without stockholder approval, preferred stock rights senior to those of common stock, which could be used to significantly dilute the ownership of a hostile acquirer;
- prohibiting stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- limiting the persons who may call special meetings of stockholders, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- requiring advance notification of stockholder nominations and proposals, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

The affirmative vote of the holders of at least 66 2/3% of our shares of capital stock entitled to vote is generally necessary to amend or repeal the above provisions that are contained in our amended and restated certificate of incorporation. Also, absent approval of our board of directors, our amended and restated bylaws may only be amended or repealed by the affirmative vote of the holders of at least 50% of our shares of capital stock entitled to vote.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding common stock, from engaging in certain business combinations without approval of substantially all of our stockholders for a certain period of time.

These and other provisions in our amended and restated certificate of incorporation, our amended and restated bylaws, and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay for shares of our common stock in the future and result in the market price being lower than it would be without these provisions.

Further, while our board of directors has amended our amended and restated certificate of incorporation to gradually declassify our board of directors, our board of directors will be partially classified until the 2021 annual meeting of stockholders when the full board of directors will stand for reelection for a one-year term.

Risks Related to Our Indebtedness

Servicing our indebtedness requires a significant amount of cash. We may not have sufficient cash flow from our business to pay our substantial indebtedness, and we may not have the ability to raise the funds necessary to settle for cash conversions of the Convertible Senior Notes or to repurchase the Convertible Senior Notes upon a fundamental change, which could adversely affect our business and results of operations.

As of January 31, 2020, we had outstanding an aggregate principal amount of $400.0 million of the Convertible Senior Notes. Our indebtedness may increase our vulnerability to any generally adverse economic and industry conditions, and we and our subsidiaries may, subject to the limitations in the terms of our existing and future indebtedness, incur additional debt, secure existing or future debt or recapitalize our debt. If we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase.

Pursuant to their terms, holders may convert their Convertible Senior Notes at their option prior to the scheduled maturities of their Convertible Senior Notes under certain circumstances. Upon conversion of the Convertible Senior Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be obligated to make cash payments. In addition, holders of our Convertible Senior Notes will have the right to require us to repurchase their Convertible Senior Notes upon the occurrence of a fundamental change (as defined in the Indenture, dated as of March 13, 2018, between the Company and U.S. Bank National Association, as trustee (the "Trustee") (the "Base Indenture"), as amended and supplemented by the First Supplemental Indenture, dated as of March 13, 2018, between the Company and the Trustee (together with the Base Indenture, the "Indenture")) at a repurchase

price equal to 100% of the principal amount of the Convertible Senior Notes to be repurchased, plus accrued and unpaid interest, if any, to, but not including, the fundamental change purchase date. Although it is our intention and we currently expect to have the ability to settle the Convertible Senior Notes in cash, there is a risk that we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Senior Notes surrendered therefor or Convertible Senior Notes being converted. In addition, our ability to make payments may be limited by law, by regulatory authority, or by agreements governing our future indebtedness. Our failure to repurchase Convertible Senior Notes at a time when the repurchase is required by the Indenture or to pay any cash payable on future conversions of the Convertible Senior Notes as required by such Indenture would constitute a default under such Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Convertible Senior Notes or make cash payments upon conversions thereof.

Our ability to make scheduled payments of the principal and interest on our indebtedness when due or to make payments upon conversion or repurchase demands with respect to our Convertible Senior Notes, or to refinance our indebtedness as we may need or desire, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to satisfy our obligations under our existing indebtedness, and any future indebtedness we may incur, and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance existing or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our existing or future indebtedness and have a material adverse effect on our business, results of operations, and financial condition.

The conditional conversion feature of the Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the notes is triggered, holders of our Convertible Senior Notes will be entitled to convert the Convertible Senior Notes at any time during specified periods at their option. If one or more holders elect to convert their Convertible Senior Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Convertible Senior Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Transactions relating to our Convertible Senior Notes may affect the value of our common stock.

The conversion of some or all of the Convertible Senior Notes would dilute the ownership interests of existing stockholders to the extent we satisfy our conversion obligation by delivering shares of our common stock upon any conversion of such Convertible Senior Notes. Our Convertible Senior Notes may become in the future convertible at the option of their holders under certain circumstances. If holders of our Convertible Senior Notes elect to convert their notes, we may settle our conversion obligation by delivering to them a significant number of shares of our common stock, which would cause dilution to our existing stockholders.

In connection with the issuance of the Convertible Senior Notes, we entered into capped call transactions with certain financial institutions (the “option counterparties”). The capped call transactions are expected generally to reduce the potential dilution to our common stock upon any conversion of the notes and/or offset any cash payments we are required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap.

From time to time, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the Convertible Senior Notes. This activity could cause a decrease in the market price of our common stock.

The accounting method for convertible debt securities that may be settled in cash, such as the Convertible Senior Notes, could have a material effect on our reported financial results.

Under FASB Accounting Standards Codification 470-20 (“ASC 470-20”), Debt with Conversion and Other Options, an entity must separately account for the liability and equity components of convertible debt instruments (such as the Convertible Senior Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer’s economic interest cost. ASC 470-20 requires the value of the conversion option of the Convertible Senior Notes, representing the equity component, to be recorded as additional paid-in capital within stockholders’ equity in our consolidated balance sheets as an original issue discount to the Convertible Senior Notes, which reduces their initial carrying value. The carrying value of the Convertible Senior Notes, net of the discount recorded, will be accreted up to the principal amount of the notes from the issuance date until maturity, which will result in non-cash charges to interest expense in our consolidated statement of operations. Accordingly, we will report lower net income or higher net loss in our financial results because ASC 470-20 requires interest to include both the current period’s accretion of the debt discount and the instrument’s coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock, and the trading price of the Convertible Senior Notes.

In addition, under certain circumstances, convertible debt instruments (such as the Convertible Senior Notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the Convertible Senior Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the Convertible Senior Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued.

We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. For example, the FASB recently published an exposure draft proposing to amend current accounting standards to eliminate the treasury stock method for convertible instruments and instead require application of the “if-converted” method. Under that method, if it is adopted, diluted earnings per share would generally be calculated assuming that all the Convertible Senior Notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive.

If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the Convertible Senior Notes, then our diluted earnings per share would be adversely affected.

We are subject to counterparty risk with respect to the capped call transactions.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

ITEM 6. Exhibits

The exhibits listed below are filed or incorporated by reference as part of this Report.

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
3.1	Amended and Restated Certificate of Incorporation	Filed herewith		
3.2	Amended and Restated Bylaws	8-K	3.1	December 5, 2016
4.1	Form of Common Stock certificate of the Registrant	S-1/A	4.1	January 9, 2012
10.1#	Form of Restricted Stock Unit Award Agreement (U.S. Time-Based)	Filed herewith		
10.2#	Form of Restricted Stock Unit Award Agreement (Global Time-Based)	Filed herewith		
10.3#	Form of Restricted Stock Unit Award Agreement (U.S. Time-Based, Executives)	Filed herewith		
10.4#	Long-Term Incentive Plan and Form of Restricted Stock Unit Award Agreement thereunder	Filed herewith		
10.5#	Form of Notice of Restricted Stock Unit Award and Restricted Stock Unit Award Agreement (Performance-Based)	Filed herewith		
10.6#	Form of Executive Agreement	Filed herewith		
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	Filed herewith		
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	Filed herewith		
32.1*	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act	Furnished herewith		
101.INS	XBRL Instance Document	Filed herewith		
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith		
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith		
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith		
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith		
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith		

# Indicates a management contract or compensatory plan or arrangement.

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

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

Date: March 4, 2020

GUIDEWIRE SOFTWARE, INC.

By: /s/ Curtis Smith

Curtis Smith
Chief Financial Officer
(Principal Financial and Accounting Officer)

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

GUIDEWIRE SOFTWARE, INC.,

a Delaware corporation

Guidewire Software, Inc., a corporation organized and existing under the laws of the State of Delaware (the **"Corporation"**), hereby certifies as follows:

A. The name of the Corporation is Guidewire Software, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on September 20, 2001 under the name Centrica Software, Inc.

B. This Amended and Restated Certificate of Incorporation amends, restates, and integrates the provisions of the Restated Certificate of Incorporation that was filed with the Secretary of State of the State of Delaware on January 30, 2012.

C. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the **"DGCL"**), and has been duly approved by the written consent of the stockholders of the Corporation in accordance with Section 228 of the DGCL.

D. The text of the Certificate of Incorporation of this Corporation is hereby amended and restated to read in its entirety as follows:

Article I.

The name of the corporation is Guidewire Software, Inc.

Article II.

The address of the Corporation's registered office in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, in the City of Wilmington, County of New Castle, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

Article III.

The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

Article IV.

i. Authorized Capital Stock. The total number of shares of all classes of capital stock which the Corporation is authorized to issue is 525,000,000 shares, consisting of 500,000,000 shares of Common

Stock, par value $0.0001 per share (the “**Common Stock**”), and 25,000,000 shares of Preferred Stock, par value $0.0001 per share (the “**Preferred Stock**”).

ii. Increase or Decrease in Authorized Capital Stock. The number of authorized shares of Preferred Stock or Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote generally in the election of directors, irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), voting together as a single class, without a separate vote of the holders of the class or classes the number of authorized shares of which are being increased or decreased, unless a vote by any holders of one or more series of Preferred Stock is required by the express terms of any series of Preferred Stock as provided for or fixed pursuant to the provisions of Section 4.4 of this Article IV.

iii. Common Stock.

(1) The holders of shares of Common Stock shall be entitled to one vote for each such share on each matter properly submitted to the stockholders on which the holders of shares of Common Stock are entitled to vote. Except as otherwise required by law or this certificate of incorporation (this “**Certificate of Incorporation**” which term, as used herein, shall mean the certificate of incorporation of the Corporation, as amended from time to time, including the terms of any certificate of designations of any series of Preferred Stock), and subject to the rights of the holders of Preferred Stock, at any annual or special meeting of the stockholders the holders of shares of Common Stock shall have the right to vote for the election of directors and on all other matters properly submitted to a vote of the stockholders; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation that relates solely to the terms, number of shares, powers, designations, preferences, or relative participating, optional or other special rights (including, without limitation, voting rights), or to qualifications, limitations or restrictions thereon, of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one more other such series, to vote thereon pursuant to this Certificate of Incorporation (including, without limitation, by any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.

(2) Subject to the rights of the holders of Preferred Stock, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions (payable in cash, property or capital stock of the Corporation) when, as and if declared thereon by the Board of Directors from time to time out of any assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in such dividends and distributions.

(3) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation, and subject to the rights of the holders of Preferred Stock in respect thereof, the holders of shares of Common Stock shall be entitled to receive all the remaining assets of the Corporation available for distribution to its stockholders, ratably in proportion to the number of shares of Common Stock held by them.

iv. Preferred Stock.

(1) The Preferred Stock may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board of Directors). The Board of Directors is further authorized, subject to limitations prescribed by law, to fix by resolution or resolutions and to set forth in a certification of designations filed pursuant to the DGCL the powers, designations, preferences and relative participation, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, if any, of any wholly unissued series of Preferred Stock, including without limitation dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

(2) The Board of Directors is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in the Certificate of Incorporation or the resolution of the Board of Directors originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

Article V.

i. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

ii. Number of Directors; Election; Term.

(1) Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, the number of directors that constitutes the entire Board of Directors of the Corporation shall be fixed solely by resolution of the Board of Directors.

(2) Upon the filing of this Amended and Restated Certificate of Incorporation (the "**Effective Date**"), each director shall be elected to hold office for a one-year term expiring at the next annual meeting of stockholders; provided, however, no terms in effect prior to the Effective Date shall be shortened. Notwithstanding the foregoing, subject to the rights of the holders of any series of Preferred Stock then outstanding, (i) at the 2019 annual meeting of stockholders, the directors whose terms expire at that meeting shall be elected to hold office for a one-year term expiring at the 2020 annual meeting of stockholders, (ii) at the 2020 annual meeting of stockholders, the directors whose terms expire at that meeting shall be elected to hold office for a one-year term expiring at the 2021 annual meeting of stockholders, and (iii) at the 2021 annual meeting of stockholders and each annual meeting of stockholders thereafter, all directors shall be elected to hold office for a one-year term expiring at the next annual meeting of stockholders.

(3) Notwithstanding the foregoing provisions of this Section 5.2, and subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, each director

shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal.

(4) Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

iii. Removal. Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, a director may be removed from office by the stockholders of the Corporation only for cause.

iv. Vacancies and Newly Created Directorships. Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, and except as otherwise provided in the DGCL, vacancies occurring on the Board of Directors for any reason and newly created directorships resulting from an increase in the authorized number of directors may be filled only by vote of a majority of the remaining members of the Board of Directors, although less than a quorum, or by a sole remaining director, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy or newly created directorship shall hold office until the next annual meeting of stockholders or until his or her successor shall be duly elected and qualified.

Article VI.

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation.

Article VII.

i. No Action by Written Consent of Stockholders. Except as otherwise expressly provided by the terms of any series of Preferred Stock permitting the holders of such series of Preferred Stock to act by written consent, any action required or permitted to be taken by stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders and may not be effected by written consent in lieu of a meeting.

ii. Special Meetings. Except as otherwise expressly provided by the terms of any series of Preferred Stock permitting the holders of such series of Preferred Stock to call a special meeting of the holders of such series, special meetings of stockholders of the Corporation may be called only by the Board of Directors, the chairperson of the Board of Directors, the chief executive officer or the president (in the absence of a chief executive officer), and the ability of the stockholders to call a special meeting is hereby specifically denied. The Board of Directors may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders.

iii. Advance Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

Article VIII.

i. Limitation of Personal Liability. To the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended from time to time, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. Any repeal or amendment of this Section 8.1 by the stockholders of the Corporation or by changes in law, or the adoption of any other provision of this Certificate of Incorporation inconsistent with this Section 8.1 will, unless otherwise required by law, be prospective only (except to the extent such amendment or change in law permits the Corporation to further limit or eliminate the liability of directors) and shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or amendment or adoption of such inconsistent provision with respect to acts or omissions occurring prior to such repeal or amendment or adoption of such inconsistent provision.

ii. Indemnification. To the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended from time to time, the Corporation is also authorized to provide indemnification of (and advancement of expenses to) its directors, officers and agents (and any other persons to which the DGCL permits the Corporation to provide indemnification) through bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise.

Article IX.

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation (including any rights, preferences or other designations of Preferred Stock), in the manner now or hereafter prescribed by this Certificate of Incorporation and the DGCL; and all rights, preferences and privileges herein conferred upon stockholders by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article IX. Notwithstanding any other provision of this Certificate of Incorporation, and in addition to any other vote that may be required by law or the terms of any series of Preferred Stock, the affirmative vote of the holders of at least 66 $^{2}/3$% of the voting power of all then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter or repeal, or adopt any provision as part of this Certificate of Incorporation inconsistent with the purpose and intent of, Article V, Article VI, Article VII or this Article IX (including, without limitation, any such Article as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other Article).

IN WITNESS WHEREOF, Guidewire Software, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by a duly authorized officer of the Corporation on this 17th day of December, 2019.

By: /s/ Mike Rosenbaum

Mike Rosenbaum

Chief Executive Officer

Guidewire Software, Inc. 2011 Stock Plan

Notice of Restricted Stock Unit Award

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan"), this Notice of Restricted Stock Unit Award (the "Notice") and the terms and conditions set forth in the Restricted Stock Unit Award Agreement (together with the Notice, the "Award Agreement"), Guidewire Software, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed below (an "Award") to the Grantee named below. Each Restricted Stock Unit shall relate to one share (a "Share") of Common Stock (the "Stock") of the Company.

Grant Number:	«Number»
Name of Grantee:	«Name»
No. of Restricted Stock Units Granted:	«TotalShares»
Grant Date:	«DateGrant»
Vesting Conditions: ***INSTRUCTION:*** *Use the vest schedule language for either:* • *4year 1year Cliff or* • *4year Quarterly* *Delete these instructions and the vest schedule not used.*	The Restricted Stock Units shall vest in 16 equal quarterly installments on each 15th of March, June, September and December following the Vesting Commencement Date, provided the Grantee continues to remain employed at such time. Each date as of which any Restricted Stock Units vest shall be referred to as a "Vesting Date. ***Or*** 25 percent of the Restricted Stock Units shall vest on the first anniversary of the Vesting Commencement Date, provided that the Grantee continues to remain employed at such time. Thereafter, the remaining 75 percent of the Restricted Stock Units shall vest in 12 equal quarterly installments on each subsequent 15th of March, June, September and December following the first anniversary of the Vesting Commencement Date, provided the Grantee continues to remain employed at such time. Each date as of which any Restricted Stock Units vest shall be referred to as a "Vesting Date".
Vesting Commencement Date:	«VestComDate»
Expiration Date:	«ExpDate»

By signing below, the Grantee and the Company agree that this Award is granted under, and governed by the terms and conditions of, the Plan and the Award Agreement. In addition, in accepting this Award, the Grantee acknowledges, understands, and agrees that this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy, to the extent applicable. **Section 9 of this Award Agreement includes important acknowledgements of the Grantee, each of which are accepted and confirmed by the Grantee's signature below**.

Grantee: Guidewire Software, Inc.

______ By: ___

Grantee's Signature Name:

Title:

Guidewire Software, Inc. 2011 Stock Plan

Restricted Stock Unit Award Agreement

SECTION 1. GRANT OF AWARD

On the terms and conditions set forth in the Notice and this Award Agreement, the company grants to the Grantee on the Date of Grant the award for the number of Restricted Stock Units set forth in the Notice.

SECTION 2. RESTRICTIONS ON TRANSFER OF AWARD

The Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and, subject to the restrictions contained in this Award Agreement and the Plan, Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in the Notice and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan and this Award Agreement.

SECTION 3. TERMINATION OF EMPLOYMENT

If the Grantee's employment terminates for any reason (including death or disability) prior to a Vesting Date, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Restricted Stock Units.

SECTION 4. RECEIPT OF SHARES OF STOCK

As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of Shares equal to the aggregate number of Restricted Stock Units that have vested pursuant to the Notice and this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such Shares.

SECTION 5. INCORPORATION OF PLAN

Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan. Capitalized terms in this Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

SECTION 6. TAX WITHHOLDING

Regardless of any action that the Company, the Grantee's actual employer or any Parent, Subsidiary or affiliate to which the Grantee provides Service if the Grantee is a

Consultant (collectively, the “Employer”) takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee’s participation in the Plan and legally applicable to him or her (“Tax-Related Items”), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the issuance of Shares upon settlement, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee’s liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee’s other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) payment by the Grantee to the Company and/or Employer; or

(b) withholding from the Grantee’s wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(c) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee’s behalf pursuant to this authorization); or

(d) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units; provided, however, that if Grantee is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (a)-(c) herein.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Grantee’s participation in the Plan.

Finally, the Grantee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 7. SECTION 409A

This Award Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on a Vesting Date shall be considered a separate payment. The Company makes no representations or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

SECTION 8. MISCELLANEOUS PROVISIONS

(i)**Notice**. Any notice required by the terms of this Award Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company), with shipping charges prepaid or (iv) the date on which an electronic notification is received. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company in accordance with this Subsection (a).

(ii)**Entire Agreement**. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(iii)**Governing Law; Choice of Venue**. The Award and the provisions of this Award Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Award Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Award is made and/or to be performed.

(iv)**Authorization to Disclose**. The Grantee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Grantee's Service, the nature and amount of Grantee's compensation and the fact and conditions of Grantee's participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(v)**Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(vi)**Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on this Award and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 9. ACKNOWLEDGEMENTS OF THE GRANTEE

(i)**Nature of Award**. In accepting this Award the Grantee acknowledges, understands, and agrees that:

a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

b. the grant of this Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if such grants have been made repeatedly in the past;

c. all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;

d. the Grantee's participation in the Plan shall not create a right to perform future Service with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service at any time;

e. the Grantee's participation in the Plan is voluntary;

f. this Award and the Shares subject to this Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which are outside the scope of the Grantee's employment or other contract for Services, if any;

g. this Award and the Shares subject to this Award are not intended to replace any pension rights or compensation;

h. this Award and the Shares subject to this Award are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services to the Company, the Employer, or any Parent, Subsidiary or affiliate of the Company;

i. this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company, the Employer, any Parent, Subsidiary or affiliate of the Company;

j. the future value of the Shares subject to this Award is unknown and cannot be predicted with certainty;

k. if the Grantee is issued Shares in settlement of this Award, the value of the Shares acquired may increase or decrease in value;

l. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Grantee's employment by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Award, to which the Grantee is not otherwise entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

m. in the event of termination of the Grantee's employment (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Grantee's right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of the date of termination of the Grantee's active employment and will not be extended by any notice period mandated under applicable law; further, in the event of termination of the Grantee's employment (regardless of whether in breach of applicable labor laws), the Grantee's right to receive vested shares of this Award, if any, will be measured as of the date of termination of the Grantee's active employment and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Grantee's active employment is terminated for purposes of this Award (including whether the Grantee may still be considered actively employed while on a leave of absence);

n. this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall

be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy (the “Clawback Policy”), to the extent applicable; and

o. the Grantee has received and read a copy of the Plan and the Clawback Policy.

(ii)**No Advice Regarding Award**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Grantee’s participation in the Plan, or his or her acquisition or sale of the Shares subject to this Award. The Grantee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social security regulations, when signing this Award Agreement, or selling the Shares acquired upon settlement of the Award, or more generally when making any decision in relation with this Award, this Award Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Grantee may benefit from specific provisions under said regulations and the Grantee shall on his or her own efforts receive proper information in this respect. The Grantee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(iii)**Tax Consequences.** The Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Grantee’s liability for Tax-Related Items. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award.

(iv)**Electronic Delivery of Documents**. The Grantee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Award (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Grantee by email.

Guidewire Software, Inc. 2011 Stock Plan

Global Notice of Restricted Stock Unit Award

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the “Plan”), this Global Notice of Restricted Stock Unit Award (the “Notice”) and the terms and conditions set forth in the Global Restricted Stock Unit Award Agreement (the “Agreement”), including any country specific terms and conditions set forth in any appendix hereto (the “Appendix”) (this Notice, the Agreement and the Appendix, collectively, the “Award Agreement”), Guidewire Software, Inc. (the “Company”) hereby grants an award of the number of Restricted Stock Units listed below (an “Award”) to the Grantee named below. Each Restricted Stock Unit shall relate to one share (a “Share”) of Common Stock (the “Stock”) of the Company.

Name of Grantee: «Name»

No. of Restricted Stock Units Granted: «TotalShares»

Grant Date: «DateGrant»

Vesting Conditions: [25 percent of the Restricted Stock Units shall vest on the first anniversary of the Vesting Commencement Date, provided that the Grantee continues to remain employed at such time. Thereafter, the remaining 75 percent of the Restricted Stock Units shall vest in 12 equal quarterly installments on each subsequent 15th of March, June, September and December following the first anniversary of the Vesting Commencement Date] [The Restricted Stock Units shall vest in 16 equal quarterly installments on each 15th of March, June, September and December following the Vesting Commencement Date”.], provided the Grantee continues to remain employed at such time. Each date as of which any Restricted Stock Units vest shall be referred to as a “Vesting Date.”

Vesting Commencement Date: «VestComDate»

Expiration Date: «ExpDate»

By clicking on the “I ACCEPT” button or signing below, the Grantee and the Company agree that this Award is granted under, and governed by the terms and conditions of, the Plan and the Award Agreement. In addition, in accepting this Award, the Grantee acknowledges, understands, and agrees that this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy, to the extent applicable. **Section 9 of the Agreement includes important acknowledgements of the Grantee, each of which are accepted and confirmed by the Grantee’s signature below**.

Grantee: Guidewire Software, Inc.

______ By: ___
Grantee's Signature Name:
Title:

Guidewire Software, Inc. 2011 Stock Plan

Global Restricted Stock Unit Award Agreement

SECTION 1. GRANT OF AWARD

On the terms and conditions set forth in the Global Notice of Restricted Stock Unit Award (the "Notice"), this Global Restricted Stock Unit Award Agreement (the "Agreement"), including any country specific terms and conditions set forth in any appendix hereto (the "Appendix") (the Notice, this Agreement and the Appendix, collectively, the "Award Agreement"), the company grants to the Grantee on the Grant Date (as defined in the Notice) the award for the number of Restricted Stock Units set forth in the Notice.

SECTION 2. RESTRICTIONS ON TRANSFER OF AWARD

The Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and, subject to the restrictions contained in this Award Agreement and the Plan, Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in the Notice and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan and this Award Agreement.

SECTION 3. TERMINATION OF EMPLOYMENT

If the Grantee's employment terminates for any reason (including death or disability) prior to a Vesting Date (as defined in the Notice), any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Restricted Stock Units.

SECTION 4. RECEIPT OF SHARES OF STOCK

As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of Shares equal to the aggregate number of Restricted Stock Units that have vested pursuant to this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such Shares.

SECTION 5. INCORPORATION OF PLAN

Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan. Capitalized terms in this Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

SECTION 6. TAX WITHHOLDING

Regardless of any action that the Company or, if different, the Grantee's actual employer or any Parent, Subsidiary or affiliate to which the Grantee provides Service if the Grantee is a Consultant (collectively, the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the issuance of Shares upon settlement, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the Grantee's wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(b) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); or

(c) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units; provided, however, that if Grantee is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (a)-(c) herein.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including up to the maximum statutory tax rate for the applicable tax jurisdiction, to the extent consistent with the Plan and applicable laws, in which case any over-withheld amount will be refunded to the Grantee in cash (with no entitlement to the Share equivalent) or if not refunded the Grantee may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock

Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Grantee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 7. SECTION 409A

This Award Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on a Vesting Date shall be considered a separate payment. The Company makes no representations or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

SECTION 8. MISCELLANEOUS PROVISIONS

(i)**Notice**. Any notice required by the terms of this Award Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service or equivalent service in the local jurisdiction, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company), with shipping charges prepaid or (iv) the date on which an electronic notification is received. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company in accordance with this Subsection (a).

(ii)**Entire Agreement**. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(iii)**Governing Law; Choice of Venue**. The Award and the provisions of this Award Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Award Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the

Northern District of California, and no other courts, where the grant of the Award is made and/or to be performed.

(iv)**Authorization to Disclose**. The Grantee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Grantee's Service, the nature and amount of Grantee's compensation and the fact and conditions of Grantee's participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(v)***Personal Data Authorization.***

(1) ***The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this Award Agreement and any other Restricted Stock Unit grant materials ("Data") by and among, as applicable, the Employer, the Company and/or any Subsidiary or affiliate for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.***

(2) ***The Grantee understands that the Company and the Employer may hold certain personal information about the Grantee, including the Grantee's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan.***

(3) ***The Grantee understands that Data will be transferred to any stock plan service provider or broker as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that if he or she resides outside of the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Grantee authorizes the Company, any stock plan service provider or broker selected by the Company and any other possible recipients that may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Grantee understands that if he or she resides outside the United States, at any time, he or she may view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local***

human resources representative. Further, the Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke his or her consent, his or her employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant Restricted Stock Units or other equity awards to the Grantee or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of refusing to consent or withdrawing consent, the Grantee understands that he or she may contact his or her local human resources representative.

(vi)**Language**. If the Grantee received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version differs from the English version, the English version shall control.

(vii)**Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(viii)**Appendix**. Notwithstanding any provisions in this Award Agreement, this Award shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.

(ix)**Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on this Award and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable for legal or administrative reasons, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 9. ACKNOWLEDGEMENTS OF THE GRANTEE

(i)**Nature of Award**. In accepting this Award the Grantee acknowledges, understands, and agrees that:

a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;

b. the grant of this Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if such grants have been made in the past;

c. all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;

d. the Grantee's participation in the Plan shall not create a right to perform future Service with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service at any time;

e. the Grantee's participation in the Plan is voluntary;

f. this Award and the Shares subject to this Award, and the income and value of the same, are not intended to replace any pension rights or compensation;

g. this Award and the Shares subject to this Award, and the income and value of same, are not part of normal or expected compensation or salary for purposes of, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services to the Company, the Employer, or any Parent, Subsidiary or affiliate of the Company;

h. this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company, the Employer, any Parent, Subsidiary or affiliate of the Company;

i. the future value of the Shares subject to this Award is unknown, indeterminable and cannot be predicted with certainty;

j. if the Grantee is issued Shares in settlement of this Award, the value of the Shares acquired may increase or decrease in value;

k. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Grantee's employment (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee renders Service or the terms of the Grantee's Service agreement, if any), and, in consideration of the grant of this Award, the Grantee agrees not to institute any claim against the Company or the Employer;

l. for purposes of the Award, the Grantee's employment relationship will be considered terminated as of the date the Grantee is no longer actively providing employment (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee renders Service or the terms of the Grantee's Service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Grantee's right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of such date and will not be extended by any notice period (*e.g.*, active employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where

Grantee renders Service or the terms of the Grantee's Service agreement, if any); the Committee shall have the exclusive discretion to determine when the Grantee's active employment is terminated for purposes of this Award (including whether the Grantee may still be considered actively providing employment while on a leave of absence);

m. this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy (the "Clawback Policy"), to the extent applicable;

n. the Grantee has received and read a copy of the Plan and the Clawback Policy;

o. unless otherwise agreed with the Company in writing, the Restricted Stock Units and the Shares subject to this Award, and the income and value of the same, are not granted as consideration for, or in connection with, the Service the Grantee may provide as a director of a Subsidiary of the Company;

p. unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company; and

q. the following provisions apply only if the Grantee is providing Services outside the United States:

(A) the Restricted Stock Units and the Shares subject to the Award. and the income and value of the same, are not part of normal or expected compensation or salary for any purpose; and

(B) neither the Company, the Employer nor any Parent, Subsidiary or affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the U.S. Dollar that may affect the value of the Restricted Stock Units or of any amounts due to the Grantee pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

(ii)**No Advice Regarding Award**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or his or her acquisition or sale of the Shares subject to this Award. The Grantee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social insurance regulations, when signing this Award Agreement, or selling the Shares acquired upon settlement of the Award, or more generally when making any decision in relation with this Award, this Award Agreement or otherwise under the Plan. The Company does not represent or guarantee that the Grantee may benefit from specific provisions

under said regulations and the Grantee shall on his or her own efforts receive proper information in this respect. The Grantee understands and agrees that he or she should consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(iii)**Tax Consequences**. The Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Grantee's liability for Tax-Related Items. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award.

(iv)**Electronic Delivery of Documents**. The Grantee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Award (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Grantee by email.

(v)**Insider-Trading/Market-Abuse Laws**. The Grantee acknowledges that, depending on his or her country, he or she may be subject to insider-trading restrictions and/or market-abuse laws, which may affect the Grantee's ability to purchase or sell Shares acquired under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as defined by the laws in the Grantee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider-trading policy. The Grantee is responsible for complying with any applicable restrictions and is advised to speak to his or her personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in the Grantee's country.

(vi)**Foreign Asset/Account Reporting Requirements; Exchange Controls**. The Grantee acknowledges that his or her country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect his or her ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside his or her country. The Grantee may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Grantee also may be required to repatriate sale proceeds or other funds received as a result of his or her participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. The Grantee acknowledges that it is his or her responsibility to be compliant with such regulations and is encouraged to consult his or her personal legal advisor for any details.

(vii)**Waiver**. The Grantee acknowledges that a waiver by the Company of breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach of this Award Agreement.

APPENDIX TO

GLOBAL RESTRICTED STOCK UNIT AWARD AGREEMENTUNDER THE GUIDEWIRE SOFTWARE, INC.2011 STOCK PLAN

TERMS AND CONDITIONS

This Appendix, which is part of the Award Agreement, includes additional terms and conditions that govern the Restricted Stock Units and that will apply to the Grantee if he or she is in one of the countries listed below. The Company, in its discretion, will determine to what extent terms and conditions contained herein shall be applicable to the Grantee.

NOTIFICATIONS

This Appendix also includes information regarding securities, exchange control and certain other issues of which the Grantee should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of September 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee not rely on the information in this Appendix as the only source of information relating to the consequences of his or her participation in the Plan because such information may be outdated when the Restricted Stock Units become vested and/or when any Shares acquired upon vesting and settlement are sold.

In addition, the information contained herein is general in nature and may not apply to the Grantee's particular situation. As a result, the Company is not in a position to assure the Grantee of any particular result. The Grantee therefore is encouraged to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her particular situation.

Finally, if the Grantee is a citizen or resident of a country other than that in which the Grantee currently is working and/or residing, if he or she transfers employment and/or residency to a different country after the grant of the Restricted Stock Units, or is considered resident of another country for local law purposes, then the notifications contained herein may not apply to him or her.

Unless otherwise defined herein, capitalized terms set forth in this Appendix shall have the meanings ascribed to them in the Notice, the Agreement and/or the Plan.

AUSTRALIA

NOTIFICATIONS

Securities Law Notification. If the Restricted Stock Units become vested and Shares are issued and if the Grantee subsequently offers the Shares to a person or entity in Australia, the offer may be subject to disclosure requirements under Australian law. The Grantee should obtain

independent legal advice regarding any applicable disclosure obligations prior to making any such offer.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (the "Act") (subject to the conditions in the Act).

CANADA

TERMS AND CONDITIONS

Restricted Stock Units Payable in Shares Only. Notwithstanding any discretion in Section 9(a) of the Plan or anything contrary in the Agreement, due to tax considerations in Canada, the Award does not provide any right for the Grantee to receive a cash payment, and the Restricted Stock Units are payable in Shares only.

Termination of Employment. The following provision replaces Section 9(a)(xii) of the Agreement:

for purposes of the Award, the Grantee's employment relationship will be considered terminated as of the earlier of (a) the date that the Grantee receives notice of termination of employment; or (b) the date the Grantee is no longer actively providing employment (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee renders Service or the terms of the Grantee's Service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Grantee's right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of such date and will not be extended by any notice period (*e.g.*, active employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Grantee renders Service or the terms of the Grantee's Service agreement, if any); the Committee shall have the exclusive discretion to determine when the Grantee's active employment is terminated for purposes of this Award (including whether the Grantee may still be considered actively providing employment while on a leave of absence);

***The following provisions apply to the Award if the Grantee is a resident of Quebec*:**

Language Consent. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given, or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Personal Data Authorization. The following provision supplements Section 8(e) of the Agreement:

The Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved

in the administration and operation of the Plan. The Grantee further authorizes the Company, the Employer and it’s other Subsidiaries to disclose and discuss with their advisors the Grantee’s participation in the Plan. The Grantee also authorizes the Company, the Employer and it’s other Subsidiaries to record such information and to keep it in his or her employment file.

NOTIFICATIONS

Securities Law Notification. The Grantee is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

Foreign Asset Reporting Information. If the Grantee is a Canadian resident, the Grantee is required to report annually on Form T1135 (Foreign Income Verification Statement) the foreign property (including Shares acquired under the Plan) he or she holds if the total cost of such foreign property exceeds C$100,000 at any time during the year. Unvested RSUs also must be reported (generally at nil cost) on Form T1135 if the C$100,000 threshold is exceeded due to other foreign property the Grantee holds. If Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the fair market value of the Shares at vesting, but if the Grantee owns other shares, this ACB may have to be averaged with the ACB of the other shares. The Form T1135 must be filed at the same time the Grantee files his or her annual tax return. The Grantee is advised to consult with a personal advisor to ensure he or she complies with the applicable reporting obligations.

FRANCE

TERMS AND CONDITIONS

Restricted Stock Units Not Tax-Qualified. The Grantee understands that the Restricted Stock Units are not intended to qualify for favorable tax and social security treatment in France under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended.

Consent to Receive Information in English. By accepting the Award Agreement, the Grantee confirms having read and understood the documents relating to the Award (the Plan and the Award Agreement), which were provided in the English language. The Grantee accepts the terms of those documents accordingly.

En acceptant le Contrat d'Attribution décrivant les termes et conditions de l’attribution, le Bénéficiaire confirme ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan et ce Contrat d'Attribution) qui ont été communiqués en langue anglaise. Le Bénéficiaire accepte les termes en connaissance de cause.

NOTIFICATIONS

Foreign Account Reporting Information. French residents must report all foreign bank and brokerage accounts on an annual basis (including accounts opened or closed during the tax year)

on a specific form together with the income tax return. Failure to comply could trigger significant penalties.

GERMANY

NOTIFICATIONS

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If the Grantee receives cross-border payments in excess of €12,500 in connection with the sale of securities (including Shares acquired under the Plan) or the receipt of dividends paid on such Shares, the Grantee must report by the fifth day of the month following the month in which the payment was received. The report must be filed electronically. The form of report can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English. The Grantee is advised to consult a personal legal advisor to ensure compliance with applicable reporting obligations.

IRELAND

There are no country-specific provisions.

JAPAN

NOTIFICATIONS

Foreign Asset Reporting Information. The Grantee will be required to report to the Japanese tax authorities details of any assets held outside of Japan as of December 31st (including any Shares acquired under the Plan), to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th each year. The Grantee should consult with his or her personal tax advisor as to whether the reporting obligation applies to the Grantee and whether the Grantee will be required to report details of his or her outstanding Restricted Stock Units, as well as Shares, in the report.

NETHERLANDS

There are no country specific provisions.

NEW ZEALAND

NOTIFICATIONS

The following information is applicable to grants of Restricted Stock Units made on or after December 1, 2016.

Securities Law Notification. *Warning*: *This is an offer of rights to receive Shares underlying the Restricted Stock Units. Restricted Stock Units give the Grantee a stake in the ownership of the Company. The Grantee may receive a return if dividends are paid on the Shares.*

If the Company runs into financial difficulties and is wound up, the Grantee will be paid only after all creditors and holders of preferred shares have been paid. A Grantee may lose some or all of his or her investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, the Grantee may not be given all the information usually required. The Grantee will also have fewer other legal protections for this investment.

The Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing himself or herself.

In addition, the Grantee is hereby notified that the documents listed below are available for review on the Company's "Investor Relations" website at http://ir.guidewire.com/ and the Grantee's online E*TRADE account:

(i) this Award Agreement which together with the Plan sets forth the terms and conditions of participation in the Plan;

(ii) a copy of the Company's most recent annual report (*i.e.,* Form 10-K);

(iii) a copy of the Company's most recent published financial statements;

(iv) a copy of the Plan; and

(v) a copy of the Plan Prospectus.

A copy of the above documents will be sent to the Grantee free of charge on written request to stock-admin@guidewire.com.

As noted above, the Grantee is advised to carefully read the materials provided before making a decision whether to participate in the Plan. The Grantee is also encouraged to contact his or her tax advisor for specific information concerning the Grantee's personal tax situation with regard to Plan participation.

POLAND

NOTIFICATIONS

Exchange Control Information. If the Grantee holds foreign securities (including Shares) and maintains accounts abroad, the Grantee may be required to file certain reports with the National Bank of Poland on the transactions and balances of the securities and cash deposited in such accounts if the value of such transactions or balances exceeds PLN 7,000,000 in the aggregate. If required, the Grantee must file reports on the transactions and balances of the accounts on a quarterly basis on special forms available on the website of the National Bank of Poland.

Further, if the Grantee transfers funds in excess of €15,000 into Poland in connection with the sale of Shares under the Plan, the funds must be transferred via a bank account held at a bank in

Poland. The Grantee is required to maintain all documents related to foreign exchange transactions for a period of five years, in case of a request for their production from the Bank of Poland.

UNITED KINGDOM

TERMS AND CONDITIONS

Restricted Stock Units Payable in Shares Only. Notwithstanding any discretion in Section 9(a) of the Plan or anything contrary in the Agreement, due to tax considerations in the United Kingdom, the Award does not provide any right for the Grantee to receive a cash payment, and the Restricted Stock Units are payable in Shares only.

Joint Election for Transfer of Liability for Employer National Insurance Contributions. As a condition of participation in the Plan and settlement of this Award upon vesting, the Grantee agrees to accept any liability for secondary Class 1 National Insurance contributions that may be payable by the Company, the Employer, or a Parent, Subsidiary or affiliate in connection with the Restricted Stock Units and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, the Grantee agrees to execute a joint election with the Company, the form of such joint election (the "Joint Election") having been approved formally by Her Majesty's Revenue and Customs ("HMRC"), and any other required consent or election. The Grantee further agrees to execute such other joint elections as may be required between the Grantee and any successor to the Company, the Employer, and/or any Subsidiary or affiliate. The Grantee further agrees that the Company, the Employer, and/or any Parent, Subsidiary or affiliate may collect the Employer NICs from the Grantee by any of the means set forth in Section 6 of the Agreement.

If the Grantee does not enter into a Joint Election prior to vesting of the Award, the Award shall not be settled unless and until he or she enters into a Joint Election, and no Shares will be issued to the Grantee under the Plan, without any liability to the Company, the Employer, or any Parent, Subsidiary or affiliate.

Tax Withholding. The following provision supplements Section 6 of the Agreement:

The Grantee agrees that, if he or she does not pay or the Company or the Employer does not withhold from the Grantee the full amount of the income tax due within ninety (90) days of the end of the tax year during which the event giving rise to the tax liability took place or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), the amount of any uncollected tax shall constitute a loan owed by the Grantee to the Company or the Employer, effective as of the Due Date. The Grantee agrees that the loan will bear interest at the official HMRC rate and immediately will be due and repayable by the Grantee, and the Company, the Employer, or any Parent, Subsidiary or affiliate may recover it at any time thereafter by any of the means referred to in Section 6 of the Agreement. The Grantee also authorizes the Company to delay the issuance of any Shares to the Grantee unless and until the loan is repaid in full.

Notwithstanding the foregoing, if the Grantee is an executive officer or director within the meaning of Section 13(k) of the Exchange Act, the Grantee shall not be eligible for a loan to

cover the income tax due as described above. In the event that the Grantee is an executive officer or director and the income tax due is not collected by the Due Date, the amount of any uncollected tax may constitute a benefit to the Grantee on which additional income tax and National Insurance contributions may be payable. The Grantee acknowledges that the Company or the Employer may recover any such additional income tax and National Insurance contributions at any time thereafter by any of the means referred to in Section 6 of the Agreement. The Grantee also will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime.

Guidewire Software, Inc. 2011 Stock Plan
Restricted Stock Unit Award Agreement

SECTION 1. GRANT OF AWARD

On the terms and conditions set forth in the Notice of Restricted Stock Unit Award dated [DATE] and this Award Agreement, the company grants to the Grantee on the Date of Grant the award for the number of Restricted Stock Units set forth in the Notice of Grant of Award.

SECTION 2. RESTRICTIONS ON TRANSFER OF AWARD

The Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and, subject to the restrictions contained in this Award Agreement and the Plan, Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in the Notice and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan and this Award Agreement.

SECTION 3. TERMINATION OF EMPLOYMENT

If the Grantee's employment terminates for any reason (including death or disability) prior to a Vesting Date, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Restricted Stock Units. Notwithstanding the foregoing, if the Grantee is subject to an Involuntary Termination within 2 months before or 12 months after a Change in Control, then 100% of the unvested and outstanding Restricted Stock Units shall fully accelerate and become vested as of the date of such termination. For purposes hereof, "Involuntary Termination" means that the Grantee's employment is terminated by the Company without Cause or by the Grantee for Good Reason, as such terms are defined in the Grantee's [Executive Agreement with the Company, as amended and restated [DATE]] [Executive Agreement with the Company, dated [DATE]].

SECTION 4. RECEIPT OF SHARES OF STOCK

As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of Shares equal to the aggregate number of Restricted Stock Units that have vested pursuant to the Notice and this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such Shares.

SECTION 5. INCORPORATION OF PLAN

Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan. Capitalized terms in this Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

SECTION 6. TAX WITHHOLDING

Regardless of any action that the Company, the Grantee's actual employer or any Parent, Subsidiary or affiliate to which the Grantee provides Service if the Grantee is a Consultant (collectively, the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the issuance of Shares upon settlement, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) payment by the Grantee to the Company and/or Employer; or

(b) withholding from the Grantee's wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(c) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); or

(d) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units; provided, however, that if Grantee is a Section 16 officer of the Company

under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (a)-(c) herein.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Grantee's participation in the Plan.

Finally, the Grantee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 7. SECTION 409A

This Award Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on a Vesting Date shall be considered a separate payment. The Company makes no representations or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

SECTION 8. MISCELLANEOUS PROVISIONS

(i)**Notice**. Any notice required by the terms of this Award Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company), with shipping charges prepaid or (iv) the date on which an electronic notification is received. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company in accordance with this Subsection (a).

(ii)**Entire Agreement**. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(iii)**Governing Law; Choice of Venue**. The Award and the provisions of this Award Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters

shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Award Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Award is made and/or to be performed.

(iv)**Authorization to Disclose**. The Grantee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Grantee's Service, the nature and amount of Grantee's compensation and the fact and conditions of Grantee's participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(v)**Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(vi)**Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on this Award and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 9. ACKNOWLEDGEMENTS OF THE GRANTEE

(i)**Nature of Award**. In accepting this Award the Grantee acknowledges, understands, and agrees that:

a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

b. the grant of this Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if such grants have been made repeatedly in the past;

c. all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;

d. the Grantee's participation in the Plan shall not create a right to perform future Service with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service at any time;

e. the Grantee's participation in the Plan is voluntary;

f. this Award and the Shares subject to this Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which are outside the scope of the Grantee's employment or other contract for Services, if any;

g. this Award and the Shares subject to this Award are not intended to replace any pension rights or compensation;

h. this Award and the Shares subject to this Award are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services to the Company, the Employer, or any Parent, Subsidiary or affiliate of the Company;

i. this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company, the Employer, any Parent, Subsidiary or affiliate of the Company;

j. the future value of the Shares subject to this Award is unknown and cannot be predicted with certainty;

k. if the Grantee is issued Shares in settlement of this Award, the value of the Shares acquired may increase or decrease in value;

l. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Grantee's employment by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Award, to which the Grantee is not otherwise entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

m. in the event of termination of the Grantee's employment (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Grantee's right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of the date of termination of the Grantee's active employment and will not be extended by any notice period mandated under applicable law; further, in the event of termination of the Grantee's employment (regardless of whether in breach of applicable labor laws), the Grantee's right to receive vested shares of this Award, if any,

will be measured as of the date of termination of the Grantee's active employment and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Grantee's active employment is terminated for purposes of this Award (including whether the Grantee may still be considered actively employed while on a leave of absence); and

n. this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy (the "Clawback Policy"), to the extent applicable; and

o. the Grantee has received and read a copy of the Plan and the Clawback Policy.

(ii)**No Advice Regarding Award**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or his or her acquisition or sale of the Shares subject to this Award. The Grantee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social security regulations, when signing this Award Agreement, or selling the Shares acquired upon settlement of the Award, or more generally when making any decision in relation with this Award, this Award Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Grantee may benefit from specific provisions under said regulations and the Grantee shall on his or her own efforts receive proper information in this respect. The Grantee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(iii)**Tax Consequences.** The Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Grantee's liability for Tax-Related Items. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award.

(iv)**Electronic Delivery of Documents**. The Grantee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Award (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Grantee by email.

GUIDEWIRE SOFTWARE, INC.FISCAL YEAR [__] LONG-TERM INCENTIVE PLAN

1. Purpose

This Fiscal Year [__] Long-Term Incentive Plan (the "Plan") is intended to provide an incentive for superior work and to motivate certain employees of Guidewire Software, Inc. (the "Company") toward even higher achievement and business results, to tie their goals and interests to those of the Company and its stockholders and to enable the Company to attract and retain highly qualified executives and employees. The Plan is for the benefit of Participants (as defined below). Awards made under this Plan constitute "performance-based" Restricted Stock Units under the Company's 2011 Stock Plan (the "2011 Stock Plan") and shall be granted under, and subject to, the terms and conditions of the 2011 Stock Plan.

2. Definitions

For purposes of this Plan:

(a) "Award" means a grant to a Participant hereunder. From and after a Change in Control, any references to an Award shall mean the fixed number of Restricted Stock Units eligible to be earned by a Participant, as determined by the Committee pursuant to Section 6 hereof.

(b) "Award Notice" means a notice or agreement provided to a Participant that sets forth the terms, conditions and limitations of the Participant's participation in this Plan, including, without limitation, the Participant's Target Award.

(c) "Board" means the Board of Directors of the Company.

(d) "Cause" shall have the meaning set forth for such term in the Participant's Executive Agreement, of if no Executive Agreement is in effect, then shall have the meaning set forth for such term in any individually negotiated and signed employment contract or similar agreement in effect between the Company and the Participant, or, if no such contract or agreement is in effect, shall mean, (i) the Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company; (ii) the Participant's material breach of any written agreement between the Participant and the Company; (iii) the Participant's material failure to comply with the Company's written policies or rules after receiving written notification of the failure from the Company's Board of Directors or Chief Executive Officer and eight days to cure such failure; (iv) the Participant's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State; (v) the Participant's gross misconduct in the performance of his duties; (vi) the Participant's continuing failure to perform assigned duties after receiving written notification of the failure from the Company's Board or Chief Executive

Officer; or (vii) the Participant's failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Participant's cooperation therewith.

(e) "Change in Control" shall have the meaning given such term in the 2011 Stock Plan.

(f) "Change in Control Date" means with respect to a Change in Control Performance Measurement Period, the date immediately prior to the consummation of the Change in Control.

(g) "Change in Control Performance Measurement Period" means the Performance Measurement Period that is shortened by the Committee such that the period shall be deemed to have concluded as of the Change in Control Date.

(h) "Change in Control Terminating Event" means (i) the termination by the Company of the Participant's employment for any reason other than for Cause, death or disability; or (ii) the termination by the Participant of his or her employment with the Company for Good Reason, in each case during the period beginning two months before, and ending 12 months after, a Change in Control.

(i) "Closing Stock Price" means the Stock Price as of the last day of the Performance Measurement Period.

(j) "Code" means Internal Revenue Code of 1986, as amended.

(k) "Committee" means the Compensation Committee of the Board.

(l) "Effective Date" means [__].

(m) "Executive Agreement" means the Executive Agreement by and between the Company and the Participant as such may be in effect.

(n) "Good Reason" shall have the meaning set forth for such term in the Participant's Executive Agreement, of if no Executive Agreement is in effect, then shall have the meaning set for such term in any individually negotiated and signed employment contract or agreement in effect between the Company and the Participant, or, if no such contract or agreement is in effect, shall mean that the Participant has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events:

(i) a material diminution in the Participant's responsibilities, authority or duties; or

(ii) a material diminution in the Participant's base salary; or

(iii) a material change in the geographic location at which the Participant provides services to the Company.

(o) "Good Reason Process" means:

(i)the Participant reasonably determines in good faith that a "Good Reason" condition has occurred;

(ii)the Participant notifies the Company in writing of the occurrence of the Good Reason condition within 60 days of the first occurrence of such condition;

(iii)the Participant cooperates in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition;

(iv)notwithstanding such efforts, the Good Reason condition continues to exist following the Cure Period; and

(v)the Participant terminates his or her employment within 60 days after the end of the Cure Period.

If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(p) "Initial Stock Price" means the Stock Price as of August 1 of the first fiscal year in any Performance Measurement Period.

(q) "Participant" means an executive or employee of the Company selected by the Committee to participate in the Plan and to whom an Award has been made.

(r) "Performance Measurement Index" means the Software companies within the S&P Software and Services Select Industry Index as of [__]; provided, that companies may be removed from the index if acquired. For the avoidance of doubt, as new companies are added to the index, the relevant list of companies for purposes of this Plan shall not self-adjust (i.e., the index is a closed list of companies).

(s) "Performance Measurement Period" means a three-year period commencing on August 1 and ending on the third July 31 thereafter. There may be overlapping Performance Measurement Periods. The first Performance Measurement Period under the Plan shall commence on [__] and shall end [__].

(t) "Performance Multiplier" means the percentage between 0% and [__]% by which the Target Award is multiplied to determine the number of credited Restricted Stock Units for a Performance Measurement Period.

(u) "Release" shall have the meaning set forth for such term in the Participant's Executive Agreement or if there is no such Executive Agreement shall mean an effective release of claims by the Participant against the Company, its affiliates, directors and officers in the form provided by the Company and subject to the timing for delivery and effectiveness required by the Company.

(v) "Restricted Stock Units" shall have the meaning set forth for such term in the 2011 Stock Plan.

(w) "Stock" means the Company's common stock.

(x) "Stock Price" means, as of a particular date, the average closing price of one share of Stock for the 60 consecutive trading days ending on the trading day immediately prior to such date; provided however, that in the event of a Change in Control of the Company, the Stock Price as of the Change in Control Date shall equal the fair market value, as determined by the Committee in its discretion, of the total consideration paid in the transaction resulting in the Change in Control for one share of Stock.

(y) "Target Award" means the target number of Restricted Stock Units that comprise a Participant's Award for each Performance Measurement Period, as set forth in the Participant's Award Notice.

(z) "Total Shareholder Return" means, with respect to a Performance Measurement Period, the total percentage return per share, achieved by the Stock assuming contemporaneous reinvestment in the Stock of all dividends and other distributions (excluding dividends and distributions paid in the form of additional shares of Stock) at the closing price of one share of Stock on the date such dividend or other distribution was paid, based on the Initial Stock Price, and the Closing Stock Price for the last day of the Performance Measurement Period or, in the case of a Change in Control Measurement Period, the Stock Price as of the Change in Control Date.

3. Administration

(a) The Plan shall be administered by the Committee. The Committee shall have the discretionary authority to make all determinations (including, without limitation, the interpretation and construction of the Plan and the determination of relevant facts) regarding the entitlement to any Award hereunder and the amount of any Award to be paid under the Plan (including the number of shares of Stock issuable to any Participant). In particular, but without limitation and subject to the foregoing, the Committee shall have the discretionary authority:

(i) to make an Award to a Participant under the Plan;

(ii) to determine the Target Award and any formula or criteria for the determination of the Target Award for each Participant;

(iii) to determine the terms and conditions, not inconsistent with the terms and conditions of this Plan, which shall govern Award Notices and all other written instruments evidencing an Award hereunder, including the waiver or modification of any such conditions;

(iv)to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; and

(v)to interpret the terms and provisions of the Plan and any Award granted under the Plan (and any Award Notices or other agreements relating thereto) and to otherwise supervise the administration of the Plan.

(b) Notwithstanding anything herein to the contrary, the Committee shall make adjustments, to the extent it deems appropriate, to any Award, any Target Award, any Initial Stock Price, any Closing Stock Price or the Total Shareholder Return for any period in connection with or as a result of any of the following events which occur or have occurred after the Effective Date: a merger, acquisition, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, if the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities.

(c) Subject to the terms hereof, all decisions made by the Committee pursuant to the Plan shall be final, conclusive and binding on all persons, including the Company and the Participants. No member of the Board or the Committee, nor any officer or employee of the Company acting on behalf of the Board or the Committee shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

4. Determination and Payment of Awards

(a) Target Award. Each Participant's Award Notice shall specify such Participant's Target Award. The Target Award shall be expressed as a number of Restricted Stock Units. The percentage of the Target Award that is eligible to be credited for the Performance Measurement Period shall be determined by reference to the Company's performance for the applicable Performance Measurement Period as measured by the Total Shareholder Return and its percentile rank within the Performance Measurement Index for such period.

(b) Performance Multiplier. The number of Restricted Stock Units that shall be credited for a Performance Measurement Period shall equal the Participant's Target Award multiplied by the Performance Multiplier for such Performance Measurement Period. The number of Restricted Stock Units credited for a Performance Measurement Period (if any) shall be rounded true to the nearest whole share of Stock. The Performance Multiplier shall be determined as set forth on Exhibit A, attached hereto.

(c) Committee Determination. The Committee, at its first meeting following the conclusion of the Performance Measurement Period, shall determine the actual number of

Restricted Stock Units that shall be credited as of the final day of such Performance Measurement Period (such date, the "Committee Determination Date"). The number of Restricted Stock Units credited for such period shall equal the Target Award multiplied by the Performance Multiplier, subject to the terms and conditions hereof.

(d) Vesting and Settlement. The Target Award shall initially be unvested. Subject to Sections 5 and 6, on the first September 15th on or following the Committee Determination Date (the "Vesting Date"), the total number of Restricted Stock Units, if any, that were credited for the Performance Measurement Period shall become vested, subject to the continued employment with the Company of the Participant through such date. As soon as practicable on or following the Vesting Date, but in no event later than two and one-half months after the end of the fiscal year in which the Vesting Date occurs, the Company shall issue to the Participant a number of shares of Stock equal to the total number of Restricted Stock Units that have vested.

5. Termination of Employment. Except as provided in Section 6 below, if at any time prior to the Vesting Date, a Participant's employment with the Company terminates for any reason, such Participant shall automatically and immediately forfeit the right to earn, receive or be paid any portion of the Award.

6. Change in Control. Unless otherwise provided in any Award Notice, upon a Change in Control of the Company, the following shall occur:

(a) With respect to the Change in Control Performance Measurement Period, the Committee, in accordance with Section 4(b), shall determine the actual number of Restricted Stock Units that shall be credited for such period based on the Total Shareholder Return percentile rank for the Change in Control Performance Measurement Period relative to the Performance Measurement Index for such Change in Control Performance Measurement Period. The credited Award (i.e., Target Award multiplied by Performance Multiplier determined for Change in Control Performance Measurement Period) shall be unvested and shall become vested on the Vesting Date (i.e., the end of the three year Performance Measurement Period), subject to the continued employment of the Participant through such date. For example, if a Change in Control occurs during the 12th month of the Performance Measurement Period, the Committee shall determine the number of Restricted Stock Units that are eligible to be credited with respect to the applicable Change in Control Performance Measurement Period based on performance for such 12-month period, but the Award shall not be deemed vested and shall not be settled until the end of the full 36-month Performance Measurement Period. For the avoidance of doubt, since the Plan contemplates overlapping Performance Measurement Periods, there may be more than one Change in Control Performance Measurement Period.

(b) In the event that subsequent to a Change in Control and before the Vesting Date, a Participant's employment with the Company terminates for any reason other than a Change in Control Terminating Event, such Participant shall automatically and immediately forfeit the right to receive any portion of any Awards including any portion of an Award that may have been credited in connection with the Change in Control Performance Measurement Period.

(c) In the event a Change in Control Terminating Event occurs with respect to a Participant, subject to the Participant's execution of the Release and the effectiveness thereof, the outstanding portion of any Awards credited to such Participant shall immediately vest and become payable upon the later of the date of such termination or the date of such Change in Control.

(d) If as a result of a Change in Control, no Stock remains outstanding and the surviving corporation (or its ultimate parent) does not agree to assume, continue or convert the portion of any Award that was credited prior to or as a result of such Change in Control into a number of restricted stock units of equivalent value of the surviving corporation (or its ultimate parent), then such credited Award shall be deemed vested and payable as of the date immediately prior to such Change in Control.

7. Miscellaneous

(a) Amendment and Termination. The Company reserves the right to amend or terminate the Plan at any time in its discretion without the consent of any Participants, but no such amendment shall materially and adversely affect the rights of the Participants with regard to outstanding Awards without the impacted Participants' consent. In the event the Plan is terminated, the Company shall determine the Awards payable to Participants based on the Total Shareholder Return percentile rank relative to the Performance Measurement Index for each Performance Measurement Period ending on the date of Plan termination. The Awards for each Performance Measurement Period shall be further prorated to reflect the shortened Performance Measurement Period.

(b) No Contract for Continuing Services. This Plan shall not be construed as creating any contract for continued services between the Company or any of its subsidiaries and any Participant and nothing herein contained shall give any Participant the right to be retained as an employee or consultant of the Company or any of its subsidiaries.

(c) No Transfers. A Participant's rights in an interest under the Plan may not be assigned or transferred.

(d) Unfunded Plan. The Plan shall be unfunded and shall not create (or be construed to create) a trust or separate fund. Likewise, the Plan shall not establish any fiduciary relationship between the Company or any of subsidiaries or affiliates and any Participant. To the extent that any Participant holds any rights by virtue of an Award under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or any of its subsidiaries.

(e) Tax Withholding. Any issuance of shares of Stock to a Participant shall be subject to tax withholding by the method or methods set forth in the Award Notice.

(f) Construction. Wherever appropriate, the use of the masculine gender shall be extended to include the feminine and/or neuter or vice versa; and the singular form of words shall be extended to include the plural; and the plural shall be restricted to mean the singular.

(g) Headings. The Section headings and Section numbers are included solely for ease of reference. If there is any conflict between such headings or numbers and the text of this Plan, the text shall control.

(h) Effective Date. The Plan shall be effective as of the Effective Date.

(i) Clawback Policy. Awards granted under the Plan, as well as all other Awards previously granted under the Plan on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy to the extent applicable.

8. Section 409A.

(a) All payments and benefits described in this Plan are intended to constitute a short term deferral for purposes of Section 409A of the Code. To the extent that any payment or benefit described in this Plan constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Participant’s termination of employment, then such payments or benefits shall be payable only upon the Participant’s “separation from service.” The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h). Anything in this Agreement to the contrary notwithstanding, if at the time of the Participant’s separation from service within the meaning of Section 409A of the Code, the Company determines that the Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Participant becomes entitled to under this Agreement on account of the Participant’s separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Participant’s separation from service, or (b) the Participant’s death.

(b) The parties intend that this Plan shall be administered in accordance with Section 409A of the Code. To the extent that any provision of this Plan is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder are exempt from, Section 409A of the Code to the greatest extent possible or otherwise comply with Section 409A of the Code. The parties agree that this Plan may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section

409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(c) The Company makes no representation or warranty and shall have no liability to the Participant or any other person if any provisions of this Plan are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

Guidewire Software, Inc. 2011 Stock Plan

Notice of Restricted Stock Unit Award – Fiscal Year [__] Long-Term Incentive Plan

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan"), the Guidewire Software, Inc. Fiscal Year [__] Long-Term Incentive Plan (the "LTIP"), this Notice of Restricted Stock Unit Award (the "Notice") and the terms and conditions set forth in the Restricted Stock Unit Award Agreement (together with the Notice, the "Award Agreement"), Guidewire Software, Inc. (the "Company") hereby grants a "target award" of the number of Restricted Stock Units listed below (an "Award") to the Grantee named below. Each Restricted Stock Unit shall relate to one share (a "Share") of Common Stock (the "Stock") of the Company.

Name of Grantee:

Employee ID:

Award Number:

Target Number of Restricted Stock Units:

Grant Date:

Vesting Conditions: As set forth in the LTIP

Performance Measurement Period

By signing below, the Grantee and the Company agree that this Award is granted under, and governed by the terms and conditions of, the Plan, the LTIP and the Award Agreement. In addition, by accepting this Award, the Grantee acknowledges, understands, and agrees that this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy, to the extent applicable. **Section 9 of this Award Agreement includes important acknowledgements of the Grantee, each of which are accepted and confirmed by the Grantee's signature below**.

GRANTEE: GUIDEWIRE SOFTWARE, INC.

By:
Grantee's Signature Name:
Title:

Guidewire Software, Inc. 2011 Stock Plan

Restricted Stock Unit Award Agreement – Fiscal Year [__] Long-Term Incentive Plan

SECTION 1. GRANT OF AWARD

On the terms and conditions set forth in the Notice of Restricted Stock Unit Award dated **[___]** and this Award Agreement, Guidewire Software, Inc. (the "Company") grants to the Grantee on the Date of Grant the award for the Target Number of Restricted Stock Units set forth in the Notice of Grant of Award (the "Target Award"). This Award is being granted subject to the terms and conditions of the Guidewire Software, Inc. Fiscal Year [__] Long-Term Incentive Plan (the "LTIP"). All references herein to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan") shall be deemed to include a reference to the LTIP. The total number of Restricted Stock Units that may be credited to the Participant (if any) shall be determined by the Company's performance for the Performance Measurement Period specified in the Notice of Restricted Stock Unit Award. The actual number of Restricted Stock Units that may be credited could be up to [__]% of such Target Award and could also be lower than the Target Award and could be zero.

SECTION 2. RESTRICTIONS ON TRANSFER OF AWARD

The Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and, subject to the restrictions contained in this Award Agreement, the LTIP and the Plan, Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have been credited and vested as provided in the LTIP and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan, the LTIP and this Award Agreement.

SECTION 3. TERMINATION OF EMPLOYMENT

Subject to Section 6(c) of the LTIP, if the Grantee's employment terminates for any reason (including death or disability) prior to the Vesting Date (as defined in the LTIP), any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Restricted Stock Units.

SECTION 4. RECEIPT OF SHARES OF STOCK

Subject to Sections 6(c) and 6(d) of the LTIP, as soon as practicable following the Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of Shares equal to the aggregate number of Restricted Stock Units that have been credited, if any, pursuant to the terms and conditions of the LTIP and vested pursuant to the LTIP, the Notice and this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such Shares.

SECTION 5. INCORPORATION OF PLAN

Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan as well as all of the terms and conditions of the LTIP. Capitalized terms in this Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

SECTION 6. TAX WITHHOLDING

Regardless of any action that the Company, the Grantee's actual employer or any Parent, Subsidiary or affiliate which employs the Grantee (collectively, the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the issuance of Shares upon settlement, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the

Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) payment by the Grantee to the Company and/or Employer; or

(b) withholding from the Grantee’s wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(c) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee’s behalf pursuant to this authorization); or

(d) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units; provided, however, that if Grantee is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (a)-(c) herein.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Grantee’s participation in the Plan.

Finally, the Grantee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 7. SECTION 409A

This Award Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as “short-term deferrals” as described in Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on or following a Vesting Date shall be considered a separate payment. The Company makes no representations or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

SECTION 8. MISCELLANEOUS PROVISIONS

(i)**Notice**. Any notice required by the terms of this Award Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company), with shipping charges prepaid or (iv) the date on which an electronic notification is received. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company in accordance with this Subsection (a).

(ii)**Entire Agreement**. This Award Agreement, the Plan and the LTIP constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(iii)**Governing Law; Choice of Venue**. The Award and the provisions of this Award Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Award Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Award is made and/or to be performed.

(iv)**Authorization to Disclose**. The Grantee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Grantee's employment, the nature and amount of Grantee's compensation and the fact and conditions of Grantee's participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(v)**Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(vi)**Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on this Award and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 9. ACKNOWLEDGEMENTS OF THE GRANTEE

(i)**Nature of Award**. In accepting this Award the Grantee acknowledges, understands, and agrees that:

a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

b. the grant of this Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if such grants have been made repeatedly in the past;

c. all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;

d. the Grantee's participation in the Plan shall not create a right to perform future Service with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service at any time;

e. the Grantee's participation in the Plan is voluntary;

f. this Award and the Shares subject to this Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which are outside the scope of the Grantee's employment or other contract for Services, if any;

g. this Award and the Shares subject to this Award are not intended to replace any pension rights or compensation;

h. this Award and the Shares subject to this Award are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services to the Company, the Employer, or any Parent, Subsidiary or affiliate of the Company;

i. this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company, the Employer, any Parent, Subsidiary or affiliate of the Company;

j. the future value of the Shares subject to this Award is unknown and cannot be predicted with certainty;

k. if the Grantee is issued Shares in settlement of this Award, the value of the Shares acquired may increase or decrease in value;

l. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Grantee's

employment by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Award, to which the Grantee is not otherwise entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

m. in the event of termination of the Grantee’s employment (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Grantee’s right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of the date of termination of the Grantee’s active employment and will not be extended by any notice period mandated under applicable law; further, in the event of termination of the Grantee’s employment (regardless of whether in breach of applicable labor laws), the Grantee’s right to receive vested shares of this Award, if any, will be measured as of the date of termination of the Grantee’s active employment and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Grantee’s active employment is terminated for purposes of this Award (including whether the Grantee may still be considered actively employed while on a leave of absence);

n. this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy (the “Clawback Policy”), to the extent applicable; and

o. the Grantee has received and read a copy of the Plan, the LTIP and the Clawback Policy.

(ii)**No Advice Regarding Award**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Grantee’s participation in the Plan, or his or her acquisition or sale of the Shares subject to this Award. The Grantee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social security regulations, when signing this Award Agreement, or selling the Shares acquired upon settlement of the Award, or more generally when making any decision in relation with this Award, this Award Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Grantee may benefit from specific provisions under said regulations and the Grantee shall on his or her own efforts receive proper information in this respect. The Grantee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(iii)**Tax Consequences.** The Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes

the Grantee's liability for Tax-Related Items. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award.

(iv)**Electronic Delivery of Documents**. The Grantee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Award (including, without limitation, a copy of the Plan and the LTIP) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Grantee by email.

Guidewire Software, Inc. 2011 Stock Plan

Notice of Restricted Stock Unit Award

Name of Grantee: **Award Number:** PU

ID:

Pursuant to the Guidewire Software, Inc. 2011 Stock Plan (the "Plan"), this Notice of Restricted Stock Unit Award (the "Notice") and the terms and conditions set forth in the Restricted Stock Unit Award Agreement (together with the Notice, the "Award Agreement"), Guidewire Software, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed below (an "Award") to the named Grantee. Each Restricted Stock Unit shall relate to one share (a "Share") of Common Stock (the "Stock") of the Company.

No. of Restricted Stock Units Granted:	
Grant Date:	
Vesting Conditions:	These restricted stock units are restricted contingent upon the achievement of the associated Goal(s) and satisfaction of a time-based vesting schedule, at which time you will receive shares of Guidewire Software, Inc. common stock. The Goal will be measured as described in the Award Agreement and the time-based vesting will be satisfied in increments on the date(s) shown, subject to Grantee's continuous employment with the Company through the applicable date(s):
Vesting Commencement Date:	
Expiration Date:	

By Grantee's signature acceptance and the signature of the Company's representative below, the Grantee and the Company agree that this Award is granted under, and governed by the terms and conditions of, the Plan and the Award Agreement. In addition, in accepting this Award, the Grantee acknowledges, understands, and agrees that this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy, to the extent applicable. Section 9 of the Award Agreement includes important acknowledgements of the Grantee, each of which are accepted and confirmed by the Grantee's acceptance of this Award.

By:

____

Name:
Title:

____
Employee Name

____
Date

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Guidewire Software, Inc. 2011 Stock Plan
Restricted Stock Unit Award Agreement

SECTION 1. GRANT OF AWARD

On the terms and conditions set forth in the Notice of Grant of Award dated [__] (the "Notice of Grant of Award") and this Award Agreement, the company grants to the Grantee on the Date of Grant the award for the number of Restricted Stock Units (the "Target Grant Amount") set forth in the Notice of Grant of Award, which such Target Grant Amount is subject to adjustment as described below.

In addition to the time-based vesting indicated on the Notice of Grant of Award (the "Time Condition"), the Restricted Stock Units (the "PSUs") are subject to performance-based vesting (the "Performance Factor") as described below. Both the Time Condition and some level of the Performance Factor must be satisfied before the PSUs will be deemed to be vested. After a determination of the Performance Factor has been made, the total number of PSUs granted to the Grantee (the "Final Grant Amount") shall be set pursuant to the following formula: Target Grant Amount * Performance Factor = Final Grant Amount.

The Performance Factor is dependent on [__].

Upon achievement of a Performance Factor greater than 0.0, 25% of the Final Grant Amount shall vest on the first anniversary of the Vesting Commencement Date (as set forth on the Notice of Grant of Award), subject to satisfaction of the applicable Time Condition, and any remaining portion of the Final Grant Amount shall vest as the applicable Time Condition is satisfied. If a Performance Factor greater than 0.0 is not achieved, then 100% of the PSUs will be forfeited.

In the event that the Company makes any acquisitions during Fiscal Year [__], the Committee shall adjust the Performance Factor (by adjusting the [__] targets) to reflect the impact of such acquisition(s). The Committee shall adjust the [__] thresholds above to reflect the anticipated, recognizable [__] from the acquired entity or assets for the remainder for Fiscal Year [__] as outlined in the management case presented to the Board of Directors on or around the closing of the applicable transaction. For example, if the management case presented to the Board for a given acquisition shows related attributable, recognizable [__] for the remaining portion of Fiscal Year [__] in the amount of $[__] million, then each of the threshold, target and maximum [__] amounts shall be adjusted upward by $[__] million (in this example, to $[__] million, $[__] million, and $[__] million, respectively).

SECTION 2. RESTRICTIONS ON TRANSFER OF AWARD

The Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and, subject to the restrictions contained in this Award Agreement and the Plan, Shares issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted

Stock Units have vested as provided in the Notice and (ii) Shares have been issued to the Grantee in accordance with the terms of the Plan and this Award Agreement.

SECTION 3. TERMINATION OF EMPLOYMENT

If the Grantee's employment terminates for any reason (including death or disability) prior to a Vesting Date, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Restricted Stock Units.

SECTION 4. RECEIPT OF SHARES OF STOCK

As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the year in which the Vesting Date occurs), the Company shall issue to the Grantee the number of Shares equal to the aggregate number of Restricted Stock Units that have vested pursuant to the Notice and this Award Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such Shares.

SECTION 5. INCORPORATION OF PLAN

Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Committee set forth in Section 2(b) of the Plan. Capitalized terms in this Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

SECTION 6. TAX WITHHOLDING

Regardless of any action that the Company, the Grantee's actual employer or any Parent, Subsidiary or affiliate which employs the Grantee (collectively, the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account, or other tax-related items related to the Grantee's participation in the Plan and legally applicable to him or her ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, without limitation, the grant, vesting, or settlement of the Restricted Stock Units, the issuance of Shares upon settlement, the subsequent sale of Shares acquired pursuant to such issuance, and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award or the Grantee's other compensation. Furthermore, if the Grantee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, the Grantee acknowledges that the Company and/or the

Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) payment by the Grantee to the Company and/or Employer; or

(b) withholding from the Grantee’s wages or other cash compensation paid to him or her by the Company and/or the Employer; or

(c) withholding from proceeds of the sale of Shares acquired upon vesting and settlement of the Restricted Stock Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee’s behalf pursuant to this authorization); or

(d) withholding in Shares to be issued upon vesting and settlement of the Restricted Stock Units; provided, however, that if Grantee is a Section 16 officer of the Company under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (a)-(c) herein.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Grantee is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Grantee’s participation in the Plan.

Finally, the Grantee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee’s participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items.

SECTION 7. SECTION 409A

This Award Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as “short-term deferrals” as described in Section 409A of the Code. Solely for purposes of Section 409A of the Code, each issuance of Shares on a Vesting Date shall be considered a separate payment. The Company makes no representations or warranty and shall have no liability to the Grantee or any other person if any provisions of this Award are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

SECTION 8. MISCELLANEOUS PROVISIONS

(i)**Notice**. Any notice required by the terms of this Award Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid, (iii) deposit with Federal Express Corporation (or other overnight courier service approved by the Company), with shipping charges prepaid or (iv) the date on which an electronic notification is received. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided to the Company in accordance with this Subsection (a).

(ii)**Entire Agreement**. This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(iii)**Governing Law; Choice of Venue**. The Award and the provisions of this Award Agreement shall be governed by and constructed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Award or this Award Agreement and/or the Plan, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of the County of San Mateo, California, or the United States federal courts for the Northern District of California, and no other courts, where the grant of the Award is made and/or to be performed.

(iv)**Authorization to Disclose**. The Grantee hereby authorizes and directs the Employer to disclose to the Company or any Parent or Subsidiary such information regarding the Grantee’s employment, the nature and amount of Grantee’s compensation and the fact and conditions of Grantee’s participation in the Plan as the Employer deems necessary or appropriate to facilitate the administration of the Plan.

(v)**Severability**. The provisions of this Award Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions nevertheless shall be binding and enforceable.

(vi)**Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Grantee’s participation in the Plan, on this Award and on any Shares acquired under the Plan, to the extent that the Company determines that it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

SECTION 9. ACKNOWLEDGEMENTS OF THE GRANTEE

(i)**Nature of Award**. In accepting this Award the Grantee acknowledges, understands, and agrees that:

a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time;

b. the grant of this Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if such grants have been made repeatedly in the past;

c. all decisions with respect to future Awards, if any, will be at the sole discretion of the Company;

d. the Grantee's participation in the Plan shall not create a right to perform future Service with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's Service at any time;

e. the Grantee's participation in the Plan is voluntary;

f. this Award and the Shares subject to this Award are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which are outside the scope of the Grantee's employment or other contract for Services, if any;

g. this Award and the Shares subject to this Award are not intended to replace any pension rights or compensation;

h. this Award and the Shares subject to this Award are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services to the Company, the Employer, or any Parent, Subsidiary or affiliate of the Company;

i. this Award and the Grantee's participation in the Plan shall not be interpreted to form an employment contract or Service relationship with the Company, the Employer, any Parent, Subsidiary or affiliate of the Company;

j. the future value of the Shares subject to this Award is unknown and cannot be predicted with certainty;

k. if the Grantee is issued Shares in settlement of this Award, the value of the Shares acquired may increase or decrease in value;

l. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Grantee's

employment by the Company or the Employer (for any reason whatsoever and regardless of whether in breach of applicable labor laws or whether later found to be invalid); and, in consideration of the grant of this Award, to which the Grantee is not otherwise entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

m. in the event of termination of the Grantee's employment (regardless of whether in breach of applicable labor laws or whether later found to be invalid), the Grantee's right to continue to vest in the Restricted Stock Units, if any, will terminate effective as of the date of termination of the Grantee's active employment and will not be extended by any notice period mandated under applicable law; further, in the event of termination of the Grantee's employment (regardless of whether in breach of applicable labor laws), the Grantee's right to receive vested shares of this Award, if any, will be measured as of the date of termination of the Grantee's active employment and will not be extended by any notice period mandated under applicable law; the Committee shall have the exclusive discretion to determine when the Grantee's active employment is terminated for purposes of this Award (including whether the Grantee may still be considered actively employed while on a leave of absence);

n. this Award, as well as all other Awards previously granted to the Grantee on or after September 1, 2019, whether vested or exercised (as applicable), shall be subject to the terms and conditions of the Guidewire Software, Inc. Clawback Policy (the "Clawback Policy"), to the extent applicable; and

o. the Grantee has received and read a copy of the Plan and the Clawback Policy.

(ii)**No Advice Regarding Award**. The Company is not providing any tax, legal, or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or his or her acquisition or sale of the Shares subject to this Award. The Grantee is solely responsible for taking all appropriate legal advice, notably concerning U.S. and local country tax and social security regulations, when signing this Award Agreement, or selling the Shares acquired upon settlement of the Award, or more generally when making any decision in relation with this Award, this Award Agreement or otherwise under the Plan. The Company does not represent or guaranty that the Grantee may benefit from specific provisions under said regulations and the Grantee shall on his or her own efforts receive proper information in this respect. The Grantee is hereby advised to consult with his or her personal tax, legal, and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(iii)**Tax Consequences.** The Grantee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes

the Grantee’s liability for Tax-Related Items. The Grantee shall not make any claim against the Company or its Board of Directors, officers or employees related to Tax-Related Items arising from this Award.

(iv)**Electronic Delivery of Documents**. The Grantee agrees that the Company may decide, in its sole discretion, to deliver by email or other electronic means any documents relating to the Plan or this Award (including, without limitation, a copy of the Plan) and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the U.S. Securities and Exchange Commission). The Grantee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Grantee by email.

EXECUTIVE AGREEMENT

This Executive Agreement (“Agreement”) is made as of ___ day of ________, 20__ (the “Effective Date”), between Guidewire Software, Inc., a Delaware corporation (the “Company”), and __________ (the “Executive”) [and supersedes the Executive Agreement between the Company and the Executive dated as of __________].

In consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

a) Term. The Company desires to continue to employ the Executive, and the Executive desires to continue to be employed by the Company, pursuant to the terms of this Agreement, until this Agreement is terminated by either party in accordance with the terms hereof. The Executive’s employment with the Company will be “at will,” meaning that the Executive’s employment may be terminated by the Company or the Executive at any time and for any reason.

b) Position. The Executive will serve as the _________________ and will have such powers and duties as may from time to time be prescribed by the Chief Executive Officer of the Company (the “CEO”) or other authorized executive, provided that such duties are consistent with the Executive’s position. While the Executive renders services to the Company, the Executive will not engage in any other employment, consulting or business activity that would create a conflict of interest with the Company.

2. Compensation and Related Matters.

(i)Base Salary. The Executive’s current annual base salary is $_______, subject to redetermination by the Board of Directors of the Company (the “Board of Directors”) or Compensation Committee. The annual base salary in effect at any given time is referred to herein as “Base Salary.” The Base Salary will be payable in a manner that is consistent with the Company’s usual payroll practices for senior executives.

(ii)Incentive Compensation. The Executive will be eligible to be considered for annual cash incentive compensation as determined by the Board of Directors or Compensation Committee from time to time. The Executive’s current annual target bonus is ___% of Base Salary. To earn incentive compensation, the Executive must be employed by the Company on the day such incentive compensation is paid. The Bonus Plan may be revised at the discretion of the Company at any time.

(iii)Other Benefits. The Executive will be entitled to participate in the Company’s employee benefit plans, subject to the terms and the conditions of such plans and to the Company’s ability to amend and modify such plans. The Executive will be entitled to paid

vacation in accordance with the terms of the Company's vacation policy, as in effect from time to time.

(iv)Clawback Policy. The Executive acknowledges and agrees that the Company's Clawback Policy (the "Clawback Policy"), as adopted by the Board of Directors, applies to the Executive under this Agreement and in Executive's role. Executive acknowledges and agrees that Executive has been provided a copy of the Clawback Policy and understands and agrees to the terms thereunder. The Board of Directors has the authority to amend the Clawback Policy from time-to-time, and any such amended Clawback Policy will continue to apply to Executive.

3. Termination. The Executive's employment may be terminated under the following circumstances:

(v)Death. The Executive's employment will terminate upon the Executive's death.

(vi)Disability. The Company may terminate the Executive's employment if the Executive is disabled and unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. Nothing in this Section 3(b) will be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq*. and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(vii)Termination by Company for Cause. The Company may terminate the Executive's employment for Cause as determined by the Board of Directors. For purposes of this Agreement, "Cause" means: (i) the Executive's unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company; (ii) the Executive's material breach of any written agreement between the Executive and the Company; (iii) the Executive's material failure to comply with the Company's written policies or rules after receiving written notification of the failure from the Company's CEO and eight days to cure such failure; (iv) the Executive's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State; (v) the Executive's gross misconduct in the performance of his duties; (vi) the Executive's continuing failure to perform assigned duties after receiving written notification of the failure from the Company's CEO; or (vii) the Executive's failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive's cooperation therewith; provided, that before a termination for Cause under Secs. 3(c)(ii), (v), (vi), or (vii), if the conduct constituting Cause is reasonably curable, then the Board of Directors shall provide the Executive with specific written notice of the category and nature of the conduct alleged to constitute Cause, and the Executive shall have a period not less than ten (10) business days following such notice (the "Cause Cure Period"), to remedy the conduct alleged to constitute Cause. If the Executive cures the Cause condition during the Cause Cure Period, then Cause will be deemed not to have occurred.

(viii)Termination Without Cause. The Company may terminate the Executive's employment at any time without Cause. Any termination by the Company of the Executive's

employment that does not constitute a termination for Cause under Section 3(c) and does not result from the death or disability of the Executive under Sections 3(a) or (b) will be deemed a termination without Cause.

(ix)Termination by the Executive. The Executive may terminate employment at any time for any reason, including but not limited to Good Reason. For purposes of this Agreement, “Good Reason” means that the Executive has complied with the “Good Reason Process” (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Executive’s responsibilities, authority or duties; (ii) a material diminution in the Executive’s Base Salary; (iii) a material change in the geographic location at which the Executive provides services to the Company; or (iv) the material breach of this Agreement by the Company. “Good Reason Process” means that (1) the Executive reasonably determines in good faith that a “Good Reason” condition has occurred; (2) the Executive notifies the Company in writing of the first occurrence of the Good Reason condition within 60 days of the first occurrence of such condition; (3) the Executive cooperates in good faith with the Company’s efforts, for a period not less than 30 days following such notice (the “Good Reason Cure Period”), to remedy the condition; (4) notwithstanding such efforts, the Good Reason condition continues to exist; and (5) the Executive terminates employment within 60 days after the end of the Good Reason Cure Period. If the Company cures the Good Reason condition during the Good Reason Cure Period, Good Reason will be deemed not to have occurred.

(x)Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Executive’s employment by the Company or any such termination by the Executive will be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a “Notice of Termination” means a notice that indicates the specific termination provision in this Agreement relied upon.

(xi)Date of Termination. “Date of Termination” means: (i) if the Executive’s employment is terminated by death, the date of Executive’s death; (ii) if the Executive’s employment is terminated on account of disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given or the date on which Notice of Termination is given after the end of the Cause Cure Period, as applicable; (iii) if the Executive’s employment is terminated by the Company under Section 3(d), 30 days after the date on which a Notice of Termination is given; (iv) if the Executive’s employment is terminated by the Executive under Section 3(e) without Good Reason, 30 days after the date on which a Notice of Termination is given, and (v) if the Executive’s employment is terminated by the Executive under Section 3(e) with Good Reason, the date on which a Notice of Termination is given after the end of the Good Reason Cure Period. Notwithstanding the foregoing, in the event that either party gives a Notice of Termination, the Company may unilaterally accelerate the Date of Termination.

4. Compensation Upon Termination.

(xii)Termination Generally. If the Executive’s employment with the Company is terminated for any reason, the Company will pay or provide to the Executive (or to Executive’s authorized representative or estate), on or before the time required by law but in no event more

than 30 days after the Executive's Date of Termination, any Base Salary earned through the Date of Termination, unpaid expense reimbursements and unused vacation that accrued through the Date of Termination (collectively, the "Accrued Benefits"). Upon any termination of the Executive's employment for any reason, the Executive will tender to the Company the Executive's resignation from all positions with the Company and its subsidiaries, including without limitation, any positions as a member of the Board of Directors of the Company and/or any of its subsidiaries.

(xiii)Termination by the Company Without Cause. If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), then the Company will pay the Executive the Accrued Benefits. In addition, subject to the Executive signing a general release of claims in favor of the Company and related persons and entities in a form and manner satisfactory to the Company (the "Release") and the expiration of the seven-day revocation period for the Release:

a. the Company will pay the Executive an amount equal to [100%][1] [50%][2] of the Executive's then-current Base Salary (the "Severance Amount"). The Severance Amount will be paid out in a lump sum, in accordance with the Company's payroll practices, within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount will begin to be paid in the second calendar year. Solely for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), each installment payment (if any) is considered a separate payment; and

b. if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination, then the Company will pay to the Executive a lump sum cash payment (at the same time as the Severance Amount) equal to the amount of employer contributions that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company for a period of [12][3] [6][4] months.

5. Change in Control. The provisions of this Section 5 set forth certain terms of an agreement reached between the Executive and the Company regarding the Executive's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance the Executive's continued attention and dedication to Executive's assigned duties and Executive's objectivity during the pendency and after the occurrence of any such event.

(xiv)Change in Control Severance Benefits. These provisions will apply in lieu of, and expressly supersede, the provisions of Section 4(b) regarding severance pay and benefits upon a termination of employment, if such termination of employment occurs within 2 months before or 12 months after a Change in Control. These provisions will terminate and be of no further force or effect beginning 12 months after the occurrence of a Change in Control. If within 2 months before or within 12 months after a Change in Control, the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates

employment for Good Reason as provided in Section 3(e), then, subject to the signing of the Release by the Executive and the expiration of the seven-day revocation period for the Release,

(a) the Company will pay the Executive an amount equal to the sum of [150%][5] [100%][6] [75%][7] of the Executive's then-current Base Salary and then-current annual target bonus (the "CIC Payment"). The CIC Payment will be paid in a single lump sum within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the CIC Payment will be paid in the second calendar year; and

(b) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination, then the Company will pay to the Executive a lump sum cash payment (at the same time as the Severance Amount) equal to the amount of monthly employer contributions that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company for a period of [18][8] [12][9] [9][10] months; and

(c) notwithstanding anything to the contrary in any applicable option agreement, restricted stock unit agreement, or other stock-based award agreement, 100% of the then outstanding stock options, restricted stock units, and other stock-based awards held by the Executive, including any such awards granted prior to the date hereof, will be fully accelerated and vested as of the Date of Termination.

(i)Additional Limitation.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, acceleration, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, the following provisions will apply:

1. If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes payable by the Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, the Executive will be entitled to the full benefits payable under this Agreement.

2. If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the Severance Payments will be reduced (but not below zero) to the extent necessary so that the sum of all Severance Payments will

not exceed the Threshold Amount. In such event, the Severance Payments will be reduced in the following order: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits. To the extent any payment is to be made over time (e.g., in installments, etc.), then the payments will be reduced in reverse chronological order.

(b) For the purposes of this Section 5(b), “Threshold Amount” means three times the Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar ($1.00); and “Excise Tax” means the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by the Executive with respect to such excise tax.

(c) The determination as to which of the alternative provisions of Section 5(b)(i) will apply to the Executive will be made by an accounting firm selected by the Company (the “Accounting Firm”), which will provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Executive. For purposes of determining which of the alternative provisions of Section 5(b)(i) will apply, the Executive will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of the Executive’s residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm will be binding upon the Company and the Executive.

(d) Change in Control Definition. For purposes of this Section 5, “Change in Control” means any of the following:

(e) the date any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, becomes the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company’s then outstanding securities having the right to vote in an election of the Board of Directors (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from the Company); or

(f) the date a majority of the members of the Board of Directors is replaced during any 12-month period by directors whose appointment or election is not

endorsed by a majority of the members of the Board of Directors before the date of the appointment or election; or

(g) the date of consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company.

Notwithstanding the foregoing, a “Change in Control” will not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence will thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of all of the then outstanding Voting Securities, then a “Change in Control” will be deemed to have occurred for purposes of the foregoing clause (i).

6. Section 409A.

(ii)Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive’s separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive’s separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment will not be payable and such benefit will not be provided until the date that is the earlier of (A) six months and one day after the Executive’s separation from service, or (B) the Executive’s death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment will include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments will be payable in accordance with their original schedule.

(iii)All in-kind benefits provided and expenses eligible for reimbursement under this Agreement will be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements will be paid as soon as administratively practicable, but in no event will any reimbursement be paid after the last day of the taxable year

following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year will not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iv)To the extent that any payment or benefit described in this Agreement constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive’s termination of employment, then such payments or benefits will be payable only upon the Executive’s “separation from service.” The determination of whether and when a separation from service has occurred will be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(v)The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision will be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(vi)The Company makes no representation or warranty and will have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Consent to Jurisdiction. The parties hereby consent to the jurisdiction of the Federal and State courts located in San Mateo County, California with respect to all matters arising under this Agreement. Accordingly, with respect to any such court action, the Executive (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

8. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter; provided that the Proprietary Information and Inventions Agreement between the Company and the Executive dated as of December 20, 2012 will not be superseded by this Agreement but will remain in full force and effect in accordance with its terms.

9. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) will to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, will not be affected thereby, and each portion

and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law.

10. Survival. The provisions of this Agreement will survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

11. Waiver. No waiver of any provision hereof will be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, will not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

12. Notices. Any notices, requests, demands and other communications provided for by this Agreement will be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board of Directors.

13. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

14. Governing Law. This is a California contract and will be construed under and be governed in all respects by the laws of the State of California, without giving effect to the conflict of laws principles of such State.

15. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be taken to be an original; but such counterparts will together constitute one and the same document.

16. Successor to Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession will be a material breach of this Agreement.

17. Gender Neutral. Wherever used herein, a pronoun in the masculine gender will be considered as including the feminine gender unless the context clearly indicates otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

Guidewire Software, Inc.

By: _
Name:
Title:

Executive

____
[__________]

[1] For our executive officers, including our Chief Executive Officer
[2] For our senior vice presidents
[3] For our executive officers, including our Chief Executive Officer
[4] For our senior vice presidents
[5] For our Chief Executive Officer
[6] For our executive officers, excluding our Chief Executive Officer
[7] For our senior vice presidents
[8] For our Chief Executive Officer
[9] For our executive officers, excluding our Chief Executive Officer
[10] For our senior vice presidents

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mike Rosenbaum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guidewire Software, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    a) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    b) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2020

By: /s/ MIKE ROSENBAUM

Mike Rosenbaum
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Curtis Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guidewire Software, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: March 4, 2020

By: /s/ CURTIS SMITH

Curtis Smith
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Guidewire Software, Inc. for the quarterly period ended January 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Mike Rosenbaum, as Chief Executive Officer of Guidewire Software, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Guidewire Software, Inc.

Date:	March 4, 2020	By:	/s/ MIKE ROSENBAUM
			Mike Rosenbaum
			Chief Executive Officer
			(Principal Executive Officer)

In connection with the Quarterly Report on Form 10-Q of Guidewire Software, Inc. for the quarterly period ended January 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Curtis Smith, as Chief Financial Officer of Guidewire Software, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Guidewire Software, Inc.

Date:	March 4, 2020	By:	/s/ CURTIS SMITH
			Curtis Smith
			Chief Financial Officer
			(Principal Financial and Accounting Officer)