GUIDEWIRE

2023
Proxy Statement and Annual Report

Guidewire is the platform P&C insurers trust to engage, innovate, and grow efficiently. We combine digital, core, analytics, and machine learning to deliver our platform as a cloud service.

GUIDEWIRE

GUIDEWIRE SOFTWARE, INC.
970 Park Pl, Suite 200, San Mateo, California 94403

**Tuesday,
December 19, 2023**

**1:30 P.M.
Pacific Time**

**Online only via
live audio webcast**

Your vote is important.

Whether or not you plan to attend the annual meeting, we hope that you will vote as soon as possible. You may vote your shares over the Internet or, if you receive printed proxy materials, you may vote by a toll free telephone number, over the Internet, or by completing, signing, dating, and returning your proxy card or voting instruction card in the envelope provided. Any stockholder attending the annual meeting may vote by Internet during the meeting, even if you have already returned a proxy card or voting instruction card.

Notice of Annual Meeting of Stockholders

To Our Stockholders:

You are cordially invited to attend the 2023 annual meeting of stockholders of Guidewire Software, Inc. (the “Company”) to be held on Tuesday, December 19, 2023, at 1:30 p.m. Pacific Time. The 2023 annual meeting of stockholders will be held via live audio webcast at *www.virtualshareholdermeeting.com/GWRE2023.*

We are holding the annual meeting for the following purposes:

1. To elect eight directors to serve for one-year terms expiring at the 2024 annual meeting of stockholders;
2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2024;
3. To conduct a non-binding, advisory vote to approve the compensation of our named executive officers;
4. To approve the amendment and restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan; and
5. To transact such other business as may properly come before the annual meeting or at any and all adjournments, continuations or postponements thereof.

If you owned our common stock at the close of business on October 23, 2023, you may attend and vote at the annual meeting.

On or about November 2, 2023, we expect to mail to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and 2023 Annual Report on Form 10-K.

Our Proxy Statement and 2023 Annual Report on Form 10-K can also be accessed directly at *www.proxyvote.com* using the 16-digit control number located on your proxy card or in the instructions accompanying your proxy materials.

Thank you for your ongoing support of Guidewire.

Sincerely,

MIKE ROSENBAUM
Chief Executive Officer
San Mateo, California
November 2, 2023

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Proxy Summary

The information provided in this Proxy Summary is for your convenience only and is merely a summary of the information contained in this proxy statement. You should read this entire proxy statement carefully.

Ways to Vote

Voting is important. Please find here the many different ways you can submit your vote.

By Written Proxy: Stockholders of record can vote their shares by marking, signing, and timely returning the enclosed proxy card. Beneficial owners must follow the directions provided by their broker, bank, or other nominee in order to direct such broker, bank, or nominee as to how to vote their shares.

By Telephone and Internet before the annual meeting: Stockholders of record who received printed proxy materials can vote their shares by telephone at **1-800-690-6903** until 11:59 p.m. Eastern Time on December 18, 2023 or via the Internet at ***www.proxyvote.com*** 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on December 18, 2023, in each case by using the 16-digit control number, which is on the proxy card or in the instructions accompanying the proxy materials. Beneficial owners may also vote by telephone or the Internet before the annual meeting by using the 16-digit control number, which is on the proxy card.

By Internet during the annual meeting: Stockholders of record may vote by Internet during the annual meeting at ***www.virtualshareholdermeeting.com/GWRE2023.***

Beneficial owners may also vote by Internet during the annual meeting at ***www.virtualshareholdermeeting.com/GWRE2023.***

Instructions on how to attend and vote during the annual meeting are described at ***www.proxyvote.com.*** Stockholders will need their 16-digit control number which is on the proxy card or in the instructions accompanying the proxy materials in order to vote.

Voting Recommendations

The following table sets forth the recommendations of our board of directors ("Board") in respect of each of the proposals to be presented to our stockholders at the annual meeting, as well as the applicable voting requirement for each of such proposals:

	Proposal	Board Recommendation		Page Reference
1	Election of directors	**FOR**	Majority of the votes cast	Page 7
2	Ratification of appointment of independent registered public accounting firm	**FOR**	Majority of the shares represented	Page 14
3	Non-binding advisory vote to approve the compensation of the Company's named executive officers	**FOR**	Majority of the shares represented	Page 16
4	Amendment and restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan	**FOR**	Majority of the shares represented	Page 17

Our Board of Directors

				Committees			
Name	**Age**	**Director Since**	**Independent**	**Audit**	**Compensation**	**Nominating and Corporate Governance**	**Risk**
Marcus S. Ryu *Co-Founder and Chairman*	50	2001					
Paul Lavin *Lead Independent Director*	61	2014	✓	■		■	
Mike Rosenbaum *Chief Executive Officer*	52	2019					
David S. Bauer	63	2022	✓		■		■
Margaret Dillon	64	2019	✓	■		C	
Michael C. Keller *Lead Customer Advocate*	63	2019	✓		C		■
Catherine P. Lego	67	2019	✓	C		■	
Rajani Ramanathan	56	2021	✓		■		C

Chairperson C   Member ■

GUIDEWIRE SOFTWARE, INC.

Proxy Statement for the 2023 Annual Meeting of Stockholders

General Information

Our Board is soliciting proxies for our 2023 annual meeting of stockholders to be held on Tuesday, December 19, 2023 at 1:30 p.m. Pacific Time via audio webcast at: ***www.virtualshareholdermeeting.com/GWRE2023.***

The Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement for the 2023 annual meeting of stockholders and our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 (the “2023 Annual Report”), which includes our audited consolidated financial statements, is first being mailed on or about November 2, 2023, to stockholders entitled to vote at the annual meeting. We have also made these materials available on our website at *www.guidewire.com* under “About/Investor Relations” on or about November 2, 2023.

This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the 2023 annual meeting of stockholders. Please read it carefully. Unless the context requires otherwise, the words “Guidewire,” “we,” the “Company,” “us,” and “our” refer to Guidewire Software, Inc.

Questions and Answers About the Annual Meeting, the Proxy Materials, and Voting Your Shares

Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of proxy materials?

We have elected to furnish our proxy materials, including our proxy statement for the 2023 annual meeting of stockholders and our 2023 Annual Report, primarily via the Internet. The Notice of Internet Availability of Proxy Materials is being provided in accordance with Securities and Exchange Commission (“SEC”) rules and contains instructions on how to access our proxy materials. Stockholders may request to receive all future proxy materials in printed form by mail or electronically by e-mail by following the instructions contained in the Notice of Internet Availability of Proxy Materials. We encourage stockholders to take advantage of the availability of our proxy materials on the Internet to help reduce the environmental impact and cost of our annual meetings of stockholders.

What items will be voted on at the annual meeting?

There are four items expected to be voted on at the annual meeting:

1. The election of eight directors to serve for one-year terms expiring at the 2024 annual meeting;
2. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending July 31, 2024;
3. The non-binding, advisory vote to approve the compensation of our named executive officers; and
4. The amendment and restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan.

What are our Board's voting recommendations?

Our Board recommends that you vote your shares “FOR” each of the nominees to the Board, “FOR” the ratification of the appointment of KPMG LLP, “FOR” the approval of the compensation of our named executive officers, and “FOR” the amendment and restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan.

What is a proxy?

Our Board is soliciting your vote at our 2023 annual meeting of stockholders. A proxy is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. You may designate as your proxies Mike Rosenbaum, Jeff Cooper, and Winston King, who have been selected by our Board to serve as proxies for our 2023 annual meeting of stockholders.

Who can vote at the annual meeting?

The record date for our 2023 annual meeting of stockholders is October 23, 2023. The record date was established by our Board. Stockholders of record at the close of business on the record date are entitled to:

- Receive notice of the annual meeting; and

- Vote by written proxy, Internet or telephone before the annual meeting or by Internet during the annual meeting.

On the record date, 81,930,494 shares of our common stock were outstanding. Each stockholder is entitled to one vote for each share of common stock held on the record date.

What do I need in order to attend the annual meeting online?

We will be hosting our annual meeting via live webcast only. Any stockholder can attend the annual meeting of stockholders live online at ***www.virtualshareholdermeeting.com/GWRE2023***. The webcast will start at 1:30 p.m. Pacific Time on December 19, 2023. Stockholders may vote and ask questions while attending the annual meeting online. In order to be able to attend the annual meeting, you will need the 16-digit control number, which is on your proxy card or in the instructions accompanying your proxy materials. Instructions on how to participate in the annual meeting of stockholders are also posted online at ***www.proxyvote.com***.

Why is this annual meeting being held virtually?

We are excited to provide ease of access, real-time communication, and cost savings for our stockholders. We believe that hosting a virtual meeting provides easy access for our stockholders and facilitates participation since stockholders can participate from any location around the world. You will be able to participate in the annual meeting online and submit your questions during the meeting by visiting ***www.virtualshareholdermeeting.com/GWRE2023***.

How can I submit a question at the annual meeting?

If you would like to submit a question during the annual meeting, log into ***www.virtualshareholdermeeting.com/GWRE2023*** by using the 16-digit control number, which is on your proxy card or in the instructions accompanying your proxy materials, type your question into the “Ask a Question” field, and click “Submit.” Questions pertinent to meeting matters will be read and answered during the meeting, subject to time constraints. The questions and answers will be available as soon as practicable after the annual meeting at ***www.virtualshareholdermeeting.com/GWRE2023*** and will remain available for one week after posting.

What if I have technical difficulties or trouble accessing the annual meeting?

If you encounter any technical difficulties with accessing the audio webcast on the meeting day, please call the technical support number that will be posted on ***www.virtualshareholdermeeting.com/GWRE2023***. Technical support will be available starting at 1:00 p.m. Pacific Time, 30 minutes before the meeting start time, on December 19, 2023, and will remain available until the annual meeting has ended.

Is my vote confidential?

Proxy instructions, ballots, and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either among our employees or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy card, which are then forwarded to our management.

What is the difference between holding shares as a “stockholder of record” and holding shares as “beneficial owner” (or in “street name”)?

Most stockholders are considered “beneficial owners” of their shares, that is, they hold their shares through a broker, bank, or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially or in “street name.”

Stockholder of record: If your shares are registered directly in your name with our transfer agent, you are considered the “stockholder of record” with respect to those shares and we are sending the proxy materials directly to you. As a stockholder of record, you have the right to vote by written proxy, Internet or telephone before the annual meeting or by Internet during the annual meeting.

Beneficial owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial owner” of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank, or nominee (who is considered the stockholder of record with respect to those shares). As a beneficial owner, you have the right to direct your broker, bank, or nominee as to how to vote your shares if you follow the instructions you receive from your broker, bank, or nominee. You are also invited to attend the annual meeting. Instructions on how to participate in the annual meeting of stockholders will be included in the materials you receive from your broker, bank, or nominee and are also posted online at ***www.proxyvote.com.***

What are the different methods that I can use to vote my shares of common stock?

By Internet before the annual meeting: Stockholders of record can vote their shares via the Internet at ***www.proxyvote.com*** 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on December 18, 2023, by using the 16-digit control number, which is on the proxy card or in the instructions accompanying the Notice of Internet Availability of Proxy Materials. Beneficial owners may vote by telephone or the Internet if their banks, brokers or nominees make those methods available, by following the instructions provided to them with the proxy materials.

By written proxy, telephone, or Internet before the annual meeting: Stockholders of record who received printed proxy materials can vote their shares by marking, signing, and timely returning the enclosed proxy card. Beneficial owners must follow the directions provided by their broker, bank, or other nominee in order to direct such broker, bank, or nominee as to how to vote their shares. Stockholders of record who received printed proxy materials can vote their shares by telephone at 1-800-690-6903 until 11:59 p.m. Eastern Time on December 18, 2023 or via the Internet at ***www.proxyvote.com*** 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on December 18, 2023, in each case by using the 16-digit control number, which is on the proxy card or in the instructions accompanying the proxy materials. Beneficial owners may also vote by telephone or the Internet before the annual meeting if their banks, brokers, or nominees make those methods available, by following the instructions provided to them with the proxy materials.

By Internet during the annual meeting: Stockholders of record may vote by Internet during the annual meeting at ***www.virtualshareholdermeeting.com/GWRE2023***. Instructions on how to attend and vote during the annual meeting are described at ***www.proxyvote.com*** and stockholders will need their 16-digit control number which is on the proxy card or in the instructions accompanying the proxy materials in order to vote. Beneficial owners may not vote their shares at the annual meeting unless they request and obtain a valid proxy from the bank, broker or other nominee that holds their shares.

How many shares must be present to hold the annual meeting?

A majority of our outstanding shares as of the record date must be present at the annual meeting of stockholders in order to hold the annual meeting and conduct business. This is called a quorum.

Your shares will be counted for purposes of determining if there is a quorum, whether representing votes for, against, or abstained, or broker non-votes, if you:

- Are present and vote by Internet during the annual meeting; or
- Have voted on the Internet before the annual meeting, by telephone, or by properly submitting a proxy card or voting instruction form by mail.

If there are not enough shares present both by Internet and by timely and properly submitted proxies to constitute a quorum, the annual meeting may be adjourned until such time as a sufficient number of shares are present.

How are abstentions counted?

Stockholders may choose to abstain or refrain from voting their shares on one or more issues presented for a vote at the annual meeting. However, for purposes of determining the presence of a quorum, abstentions are counted as present. For the purpose of determining whether the stockholders have approved a matter, abstentions will be treated as represented and entitled to vote and, therefore, will have the same effect on the outcome of a matter being voted on at the annual meeting as a vote "AGAINST," except in the election of directors, where abstentions will have no effect on the outcome.

What if a stockholder does not provide a proxy, or if a proxy is returned, it does not specify a choice for one or more issues?

Stockholders should specify their choice for each issue to be voted upon at the annual meeting. If no proxy is returned or if a proxy is signed and returned but no specific instructions are given on one or more of the issues to be voted upon at that annual meeting, proxies will be voted in accordance with applicable rules, laws, and regulations as follows:

Stockholders of Record. If you are a stockholder of record and you do not return a proxy or attend and vote at the annual meeting, your shares will not be voted at our annual meeting and your shares will not be counted for purposes of determining whether a quorum exists for the annual meeting. If you do return a signed proxy but you fail to specify how your shares should be voted on one or more issues to be voted upon at the annual meeting, then to the extent you did not specify a choice, your shares will be voted: (i) FOR Proposal One for the election of all of the director nominees; (ii) FOR Proposal Two ratifying the selection of KPMG LLP as our independent registered public accounting firm; (iii) FOR Proposal Three approving, on an advisory basis, the compensation of our named executive officers, as disclosed in this proxy statement; and (iv) FOR Proposal Four approving the amendment and restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan.

Beneficial Owners. If you are a beneficial owner and (i) you do not provide your broker or other nominee who holds your shares with voting instructions, (ii) you do not request, obtain, and return a valid proxy from the organization that holds your shares giving you the right to vote the shares at our annual meeting, or (iii) you do provide a voting instruction card or a valid proxy card but you fail to specify your voting instructions on one or more of the issues to be voted upon at our annual meeting, under applicable rules, your broker or other nominee may exercise discretionary authority to vote your shares on routine proposals, but may not vote your shares on non-routine proposals.

The shares that cannot be voted by brokers and other nominees on non-routine matters, but are represented at the annual meeting, will be deemed present at our annual meeting for purposes of determining whether the necessary quorum exists to proceed with the annual meeting, but will not be considered entitled to vote on the non-routine proposals.

We believe that under applicable rules Proposal Two: ***Ratification of Appointment of Independent Registered Public Accounting Firm*** is considered a routine matter for which brokerage firms may vote shares that are held in the name of brokerage firms and which are not voted by the applicable beneficial owners.

However, we believe that Proposal One: ***Election of Directors***, Proposal Three***: Non-binding, advisory vote on compensation of named executive officers*** and Proposal Four: ***Amendment and Restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan*** are considered non-routine matters under applicable rules. Accordingly, brokers or other nominees cannot vote on these proposals without instructions from beneficial owners.

How do I change or revoke my proxy?

You may revoke your proxy and change your vote at any time before the final vote at the annual meeting. You may vote again on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the annual meeting will be counted), or by signing and returning a new proxy card with a later date, or by attending the annual meeting and voting by Internet during the meeting. However, your attendance at the annual meeting will not automatically revoke your proxy unless you vote again at the annual meeting or specifically request in writing that your prior proxy be revoked.

What does it mean if I receive more than one proxy card?

It means that your shares are registered differently or you have multiple accounts. Please vote all of these shares separately to ensure all of the shares you hold are voted.

What is the voting requirement to approve each of the proposals?

The following table sets forth the voting requirement with respect to each of the proposals:

Proposal One **Election of directors**	Each director must be elected by a majority of the votes cast; meaning that each director must receive more "FOR" votes (among votes properly cast at the annual meeting or by proxy) than "AGAINST" votes. Abstentions and broker non-votes will not affect the outcome of the vote. If the votes cast for any nominee do not exceed the votes cast against the nominee, our Board will consider whether to accept or reject such director's resignation, which is tendered to our Board pursuant to our amended and restated bylaws and corporate governance guidelines.
Proposal Two **Ratification of appointment of independent registered public accounting firm**	To be approved by our stockholders, a majority of the shares represented at the annual meeting and entitled to vote on the subject matter must vote "FOR" this proposal. Abstentions are considered shares present and entitled to vote on this proposal, and thus, will have the same effect as a vote "AGAINST" this proposal. Broker non-votes are not considered entitled to vote and, thus, will have no effect on the outcome of the vote.
Proposal Three **Non-binding advisory vote to approve the compensation of the Company's named executive officers**	To be approved by our stockholders, a majority of the shares represented at the annual meeting and entitled to vote on the subject matter must vote "FOR" this proposal. Abstentions are considered shares present and entitled to vote on this proposal, and thus, will have the same effect as a vote "AGAINST" this proposal. Broker non-votes are not considered entitled to vote and, thus, will have no effect on the outcome of the vote.
Proposal Four **Amendment and Restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan**	To be approved by our stockholders, a majority of the shares represented at the annual meeting and entitled to vote on the subject matter must vote "FOR" this proposal. Abstentions are considered shares present and entitled to vote on this proposal, and thus, will have the same effect as a vote "AGAINST" this proposal. Broker non-votes are not considered entitled to vote and, thus, will have no effect on the outcome of the vote.

How can stockholders submit a proposal for inclusion in our proxy statement for the 2024 annual meeting?

To be included in our proxy statement for the 2024 annual meeting, stockholder proposals must comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and be received by our Secretary at our principal executive offices by mail at 970 Park Pl, Suite 200, San Mateo, California 94403 no later than July 5, 2024, which is one hundred twenty (120) calendar days before the one-year anniversary of the date on which we first released this proxy statement to stockholders in connection with this year's annual meeting.

Stockholders may obtain our proxy statement (and any amendments and supplements thereto) and other documents as and when filed by us with the SEC without charge from the SEC's website at *www.sec.gov.*

How can stockholders submit proposals to be raised at the 2024 annual meeting that will not be included in our proxy statement for the 2024 annual meeting?

To be raised at the 2024 annual meeting, stockholder proposals must comply with our bylaws. Under our bylaws, a stockholder must give advance notice to our Secretary of any business, including nominations of candidates for election as directors to our Board that the stockholder wishes to raise at our annual meeting. To be timely, the notice must be delivered to or mailed and received by our Secretary at our principal executive offices at 970 Park Pl, Suite 200, San Mateo, California 94403 no later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the one-year anniversary of the date of this year's annual meeting. Since our annual meeting is scheduled for December 19, 2023, stockholder proposals must be received by our Secretary by mail at our principal executive offices no earlier than August 21, 2024, and no later than September 20, 2024, in order to be raised at our 2024 annual meeting.

In addition to satisfying the foregoing requirements under our bylaws, to comply with the universal proxy rules, stockholders who intend to solicit proxies in support of director nominees other than our nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act no later than October 20, 2024.

What if the date of the 2024 annual meeting changes by more than 30 days from the anniversary of this year's annual meeting?

Under Rule 14a-8 of the Exchange Act, if the date of the 2024 annual meeting changes by more than 30 days from the anniversary of this year's annual meeting, to be included in our proxy statement, stockholder proposals must be received by us within a reasonable time before our solicitation is made.

Under our bylaws, if the date of the 2024 annual meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary of this year's annual meeting, stockholder proposals to be brought before the 2024 annual meeting must be received no earlier than the close of business on the 120th day prior to such annual meeting nor later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public disclosure of the date of the annual meeting was made.

Does a stockholder proposal require specific information?

With respect to a stockholder's nomination of a candidate for our Board, the stockholder notice to the Secretary must contain certain information as set forth in our bylaws about both the nominee and the stockholder making the nomination. With respect to any other business that the stockholder proposes, the stockholder notice must contain a brief description of such business and the reasons for conducting such business at the annual meeting, as well as certain other information as set forth in our bylaws. If you wish to bring a stockholder proposal or nominate a candidate for director, you are advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations. Our current bylaws may be found on our corporate website at *www.guidewire.com* under the headings “About/Investor Relations/Corporate Governance.”

What happens if we receive a stockholder proposal that is not in compliance with the time frames described above?

If we receive notice of a matter to come before the 2024 annual meeting that is not in accordance with the deadlines described above, we will use our discretion in determining whether or not to bring such matter before such meeting. If such matter is brought before such meeting, then our proxy card for such meeting will confer upon our proxy holders' discretionary authority to vote on such matter.

What happens if additional matters are presented at the annual meeting?

Other than the four items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxy holders, Mike Rosenbaum, Jeff Cooper, and Winston King, or any of them, will have the discretion to vote your shares on any additional matters properly presented for a vote at the annual meeting. If for any reason any of the nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by our Board.

Who bears the cost of this solicitation?

We pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials. In addition, we may reimburse banks, brokers, and other custodians, nominees, and fiduciaries representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may be solicited by certain of our directors, officers, and employees, personally or by mail, telephone, facsimile, email, or other means of communication (electronic or otherwise). No additional compensation will be paid for such services.

What if only one copy of these proxy materials was delivered to multiple stockholders who share a single address?

In some cases, only one copy of this proxy statement and the accompanying 2023 Annual Report, or Notice of Internet Availability of Proxy Materials, may be delivered to multiple stockholders sharing an address unless we have received contrary instructions from one or more of the stockholders. We will deliver promptly, upon written or oral request, a separate copy of this proxy statement and the accompanying 2023 Annual Report, or Notice of Internet Availability of Proxy Materials, to a stockholder at a shared address to which a single copy of the document was delivered. To request separate delivery of these materials now or in the future, you may submit a written request to our Secretary at Guidewire Software, Inc., 970 Park Pl, Suite 200, San Mateo, California 94403. Additionally, any stockholders who are presently sharing an address and receiving multiple copies of the proxy statement and the 2023 Annual Report, or Notice of Internet Availability of Proxy Materials, and who would rather receive a single copy of such materials may instruct us accordingly by directing their request to us in the manner provided above.

Where can I find the voting results of the annual meeting?

We will announce preliminary voting results at the annual meeting. We will also disclose voting results on a Form 8-K filed with the SEC within four business days after the annual meeting, which will be available on our website.

Proposal One

Election of Directors

In voting on the election of our director nominees, stockholders may vote for or against or abstain from voting on each nominee.

Our Board recommends a vote "FOR" each of the director nominees.

Assuming a quorum is present, each director nominee will be elected only if he or she receives a majority of the votes cast for him or her.

Our bylaws provide that the number of directors that shall constitute the whole board shall be fixed from time to time by resolution of the board of directors or by the stockholders at an annual meeting of the stockholders. Following our 2023 annual meeting, our Board will be composed of eight directors.

Recommendation

Based on the recommendation of the nominating and corporate governance committee (the “NCG Committee”), our Board has nominated **Marcus S. Ryu, Paul Lavin, Mike Rosenbaum, David S. Bauer, Margaret Dillon, Michael C. Keller, Catherine P. Lego, and Rajani Ramanathan** for election, each to serve a one-year term expiring at the 2024 annual meeting, unless such directors resign or their service as directors otherwise ceases in accordance with our amended and restated certificate of incorporation or amended and restated bylaws.

Vote Required for Approval

The affirmative vote of a majority of all the votes cast at a meeting at which a quorum is present is necessary for the election of a director in an uncontested election, which means that the number of shares voted “FOR” a nominee must exceed the number of shares voted “AGAINST” the nominee. If you do not instruct your broker, bank, or other nominee how to vote with respect to this proposal, your broker, bank, or other nominee may not cast votes on your behalf with respect to this proposal. For purposes of the election of directors, abstentions and broker non-votes, if any, will not be counted as votes cast for or against a nominee’s election.

Pursuant to our amended and restated bylaws and corporate governance guidelines, each director nominee has tendered an irrevocable resignation to our Board that will be effective upon (i) the failure of such director to receive a majority of votes cast for his or her election and (ii) the Board’s acceptance of such resignation. If such director nominee receives a greater number of votes cast against his or her election than in favor of his or her election, the nominating and corporate governance committee will consider such director’s offer to resign and will make a recommendation to the Board on whether to accept or reject the resignation or whether other action should be taken.

It is the intention of the persons named as proxies herein to vote in favor of the candidates nominated by the Board unless directed otherwise through your proxy voting instructions. If any nominee should not be available for election, the proxies will be voted in the best judgment of the persons authorized as proxies.

Director Nominees

Our Board believes that directors who provide a significant breadth of experience, knowledge, and abilities in areas relevant to our business, while also representing a diversity of perspectives, contribute to a well-balanced and effective board. The following tables provide information concerning our Director Nominees as self-reported during our fiscal year 2023.

Average Director Age	Average Director Tenure	Board Diversity in Gender	Board Diversity in Underrepresented Communities(11)
60 years	**6.46 years**	**37.50%**	**25.00%**

Board Skill	Marcus S. Ryu	Paul Lavin	Mike Rosenbaum	David S. Bauer	Margaret Dillon	Michael C. Keller	Catherine P. Lego	Rajani Ramanathan
Scaling a SaaS business(1)	X		X	X				X
Modern cloud technologist(2)			X	X				X
Cybersecurity and infrastructure(3)			X	X		X		X
Insurance industry(4)	X	X	X		X	X		
Enterprise sales(5)	X	X	X			X		
Investment(6)			X	X	X		X	X
CEO experience(7)	X	X	X					
Financial(8)	X	X			X		X	
People and compensation(9)	X	X	X		X	X	X	X
Governance, risk, and compliance(10)	X	X	X	X	X	X	X	X
Years on Board	22	10	4	1	4	4	4	2
Age	50	61	52	63	64	63	67	56
Gender	M	M	M	M	F	M	F	F
Self-identify as member of an underrepresented community(11)	Y	N	N	N	N	N	N	Y
Veteran/Military Service(12)	N	N	Y	N	N	N	N	N

(1) Experience growing successful SaaS companies, including scale, margin expansion, and maturity.

(2) Knowledge and experience in technology architecture, including SaaS, cloud-based platforms, integrated solutions, and customers' data journey.

(3) Insight in cybersecurity risk, technology infrastructure, business prioritization, and customer drivers.

(4) Insight and experience in the P&C Insurance Industry globally.

(5) Knowledge and experience managing sales and selling core enterprise software/SaaS offerings.

(6) Experience creating long-term value through investment, acquisitions, and growth strategies.

(7) Expertise shaping strategy, performance, prioritization, and scale leadership.

(8) Experience in financial strategy, accounting, and reporting.

(9) Expertise in aligning company customer, performance, rewards, and talent with strategy as well as remote and flexible work strategies.

(10) Experience in public company corporate governance, privacy, compliance, policy, activism, and creating long-term sustainable value.

(11) The term "underrepresented community," as used herein, means Black, African American, Hispanic, Latinx, Asian, Pacific Islander, Native American, Native Hawaiian, Alaska Native, Two or More Races, or LGBTQ+.

(12) The term "Veteran/Military Service" as used herein, means current full-time active duty with the U.S. Armed Forces, or any past service on active duty in the U.S. Armed Forces, Reserves, or National Guard.

Marcus S. Ryu

Age: 50
Director Since: 2001

Marcus S. Ryu is the Chairman of our Board, a position he has held since August 2019. Mr. Ryu has served as a Partner at Battery Ventures, a venture capital and private equity firm, since October 2022. From 2010 to August 2019, Mr. Ryu was Guidewire's President and CEO and had overall responsibility for our operations and strategic direction. Since co-founding the Company in 2001, he held a variety of roles for the Company, including securing key customer relationships, communicating our value proposition, defining our product strategy, and has managed the engineering, sales, services, and strategy departments. He has served on our Board since 2001. Before Guidewire, Mr. Ryu was Vice President of Strategy at Ariba, Inc. and an Engagement Manager at McKinsey & Company. He currently serves as an advisor to multiple private technology companies and is a member of the board of directors of Checkr, Inc., a privately held company in the background check industry; BloomReach, Inc., a privately held company that offers a digital experience platform; Bestow, a privately held company that serves the life insurance industry; and Fairmatic, a privately held company that provides telematics-based commercial auto insurance. He has an A.B. from Princeton University and a B.Phil. from New College, Oxford University.

Our Board believes that Mr. Ryu is qualified to serve as a director based on his experience as co-founder and former CEO of Guidewire and his extensive service across a broad spectrum of Guidewire functions, including strategy, business development, operations, engineering, and marketing.

Paul Lavin

Age: 61
Director Since: 2014

Paul Lavin is our Lead Independent Director and has served on our Board since 2014. Mr. Lavin is the President and Chief Executive Officer of American Health Holding, Inc. where he joined the company in 2008. Since 2017, he has served as Executive Director of First Health Network. Both are leading health insurance-related companies and subsidiaries of CVS/Aetna. Prior to joining CVS/Aetna, Mr. Lavin was a Managing Director at KPMG Consulting/Bearingpoint, where his focus was on financial services, primarily insurance. Mr. Lavin was formerly a Senior Vice President at Prudential, an executive at Alexander & Alexander, a Principal at Mercer Management Consulting, and an auditor at Price Waterhouse, where he was a CPA. He holds both a B.S. in Economics and an M.B.A. from the University of Pennsylvania's Wharton School of Business.

Our Board believes that Mr. Lavin is qualified to serve as a director based on his executive leadership roles and broad expertise in the industry, including as a systems integrator in the consulting and insurance industries.

Mike Rosenbaum

Age: 52
Director Since: 2019

Mike Rosenbaum is our Chief Executive Officer ("CEO") and has served on our Board since he became our CEO in August 2019. Prior to joining Guidewire, Mr. Rosenbaum was EVP Product at salesforce.com, inc. ("Salesforce"), with responsibility for vision, strategy, product management, customer success and adoption from January 2016 to July 2019. Since joining Salesforce in 2005, Mr. Rosenbaum held several leadership positions and drove many of Salesforce's most notable product achievements. Prior to joining Salesforce, Mr. Rosenbaum held various technology and marketing roles at Siebel Systems from 2002 to 2005 and served in the U.S. Navy as a submarine officer from 1994 to 1999. Mr. Rosenbaum holds a B.S. in Systems Engineering from the United States Naval Academy and an M.B.A. from the Haas School of Business at the University of California Berkeley.

Our Board believes that Mr. Rosenbaum is qualified to serve as a director because of his experience in growing a cloud company and his leadership abilities, including his experience in leading product development and go-to-market strategy at Salesforce.

David S. Bauer

Age: 63
Director Since: 2022

David S. Bauer has served on our Board since October 2022. Mr. Bauer currently serves as Managing Partner and Co-Founder at Holding Ground Decision Intelligence LLC, which provides strategic technology assessment and diligence services for investment companies, boards, and executives, a position he has held since January 2020. From November 2014 to January 2020, Mr. Bauer served as Managing Partner at Sand Hill East LLP, and provided early-stage companies with go-to-market, product, security, technology, and operations advisory services. He also previously served as Chief Technology Officer at Asurion, and as Chief Information Security Officer at Morgan Stanley and Merrill Lynch. Mr. Bauer holds a B.A. and M.S. in Computer Science from Rutgers University.

Our Board believes that Mr. Bauer is qualified to serve as a director based on his extensive and broad background in business management, including his experience in software development, information security expertise and information technology leadership, and his past service as chief information security officer at Morgan Stanley and Merrill Lynch.

Margaret Dillon has served on our Board since September 2019. From December 1993 to September 2017, Ms. Dillon served in various roles at Liberty Mutual Insurance Company, a property and casualty insurer, including as Senior Vice President and Chief Financial Officer, Personal Insurance, and as Executive Vice President and Chief Customer Officer, U.S. Consumer Markets. Ms. Dillon also serves on the boards of Hi Marley, a privately held SaaS company providing an intelligent communication platform for the insurance industry since February 2022, and White Mountains Insurance Group, a publicly held diversified insurance and related financial services holding company since May 2021. Ms. Dillon holds both a B.S. in Computer Science and an M.S. in Finance from Boston College.

Margaret Dillon

Age: 64
Director Since: 2019

Our Board believes that Ms. Dillon is qualified to serve as a director based on her extensive and broad background in business management, including her experience as chief financial officer and chief customer officer of a Fortune 500 company, and her property and casualty insurance industry experience.

Michael C. Keller has served on our Board since September 2019 and as our Lead Customer Advocate since March 2020. Mr. Keller also serves as a director of Encova Mutual Insurance Group since August 2020, and as Strategic Advisor to Earnix, a privately held company providing mission-critical composable and cloud-based intelligent solutions across pricing, rating, underwriting, product personalization and telematics, since January 2023. From June 2001 to June 2018, Mr. Keller served as the Executive Vice President and Chief Information Officer at Nationwide Insurance and Financial Services, a mutual insurance and financial services company. From January 1998 to May 2001, Mr. Keller served as Chief Technology Officer at JPMorgan Chase & Co. (Formerly Bank One), a commercial banking and financial services company. Mr. Keller holds the CERT Certificate in Cybersecurity Oversight by CMU Software Engineering Institute and the National Association of Corporate Directors. Mr. Keller is also Directorship Certified® by the National Association of Corporate Directors. Mr. Keller graduated with a B.S. in Mathematics from the University of Michigan.

Michael C. Keller

Age: 63
Director Since: 2019

Our Board believes that Mr. Keller is qualified to serve as a director based on his extensive and broad background in business management, including his experience as chief information officer and chief technology officer of Fortune 500 companies, and his property and casualty insurance industry experience.

Catherine P. Lego

Age: 67
Director Since: 2019

Catherine P. Lego has served on our Board since September 2019. Ms. Lego also serves on the board of directors of Cirrus Logic, Inc., a publicly traded leader in low-power, high-precision mixed-signal processing solutions for mobile and consumer applications, where she is chair of the nominating and corporate governance committee since 2020 and joined its audit committee in July 2023. From 2009 to 2022, Ms. Lego was a member of the board of directors of Lam Research Corporation, a publicly traded wafer fabrication equipment company, where she was, at various times, the chair of the audit committee (2009-2014), a member of the audit committee (2020-2022), the chair of the compensation committee (2015-2020), and a member of its nominating and governance committee (2014-2022). From July 2016 to May 2021, she served on the board of directors of IPG Photonics Corporation, a publicly traded producer of high-power fiber lasers, where she served as the chair of its compensation committee and as a member of its audit committee. From 2013 to 2016, she was a member of the board of directors of Fairchild Semiconductor International Inc., a fabricator of power management devices, where she was a member of the compensation committee and nominating and governance committee. From 1989 to 2016, except from 2002-2004, she was a member of the board of directors of SanDisk Corporation, a publicly traded global developer of flash memory storage solutions, where she was the chair of the audit committee. Ms. Lego also served on the board of directors of Cypress Semiconductor Corporation from 2018 through its merger with Infineon Technologies in April 2020, where she was the chair of the audit committee and a member of the nominating and corporate governance committee. From June 1992 to December 2018, Ms. Lego was an angel investor and financial consultant to early stage technology companies via Lego Ventures, LLC, where she served as its principal and owner until December 2018. She previously practiced as a certified public accountant with Coopers & Lybrand (now PricewaterhouseCoopers). Ms. Lego holds a B.A. in Economics and Biology from Williams College and an M.S. in Accounting from the New York University Stern School of Business.

Our Board believes that Ms. Lego is qualified to serve as a director based on her extensive and broad background in business management and her service on the boards of several public companies in the technology sector.

Rajani Ramanathan

Age: 56

Director Since: 2021

Rajani Ramanathan has served on our Board since June 2021. Ms. Ramanathan currently serves as an advisor and director to several public and private companies in the AI, VR, Blockchain and connected (IoT) technology space. Since October 2021, she has served on the board of Hayden AI, a privately held company that provides smart city solutions and developed the world's first autonomous traffic management platform. Since July 2022, Ms.Ramanathan has served on the board of Faro Technologies, a publicly traded company serving 3D Metrology, AEC (Architecture, Engineering & Construction), O&M (Facilities Operations and Maintenance) and Public Safety Analytics markets. She serves on their Talent Development and Compensation Committee. Since May 2023, she has served on the board of Sportradar, a public company that is leading sports technology at the intersection of sports, media and betting. She serves on their Audit Committee. From June 2014 to present, Ms. Ramanathan has served as a member of the board of directors of ESI group, a French publicly traded company providing virtual prototyping software solutions and services. From July 2015 to July 2022, she chaired ESI's Technology and Marketing Committee and since September 2022, she has chaired ESI's Compensation Committee and their Nomination and Governance Committee. From June 2000 to March 2014, Ms. Ramanathan served in a variety of roles at Salesforce, a public cloud software company, and her last position with them was as Chief Operating Officer and Executive Vice President, Technology and Products. Ms. Ramanathan holds a B.A. in Psychology from University of Madras and a postgraduate diploma in Marketing and Sales Management from Rajendra Prasad Institute of Communication and Management.

Our Board believes that Ms. Ramanathan is qualified to serve as a director based on her extensive and broad background in cloud software operations and business management and her service on the boards of several public companies in the technology sector.

Proposal Two

Ratification of Appointment of Independent Registered Public Accounting Firm

The Board recommends a vote "FOR" the ratification of KPMG as our independent registered public accounting firm for the fiscal year ending July 31, 2024.

Recommendation

On the recommendation of the audit committee of our Board (the "Audit Committee"), our Board has appointed KPMG LLP ("KPMG"), independent public accountants, to audit our financial statements for the fiscal year ending July 31, 2024. We are submitting this selection to our stockholders for ratification. Although we are not required to seek stockholder approval for this appointment, we believe it is sound corporate practice to do so. KPMG has served as our auditor since 2006. Representatives from KPMG will attend the annual meeting to respond to any appropriate questions and will have the opportunity to make a statement, if they so desire. If the stockholders do not ratify the appointment of KPMG, the Audit Committee will reconsider the appointment.

In the vote on the ratification of the selection of KPMG as our independent registered public accounting firm, stockholders may:

- Vote in favor of ratification;
- Vote against ratification; or
- Abstain from voting on ratification.

Vote Required for Approval

Assuming a quorum is present, the selection of KPMG as our independent registered public accounting firm will be ratified if the affirmative vote of a majority of the shares represented and entitled to vote on the matter at the annual meeting is obtained. In the event that the stockholders do not ratify the selection of KPMG, the appointment of the independent registered public accounting firm will be reconsidered by the Audit Committee.

Auditor Information

The types of services and aggregate fees billed or expected to be billed by KPMG with respect to our fiscal years 2022 and 2023 are as follows:

	Fiscal Year Ended July 31,	
Description of Services	**2022($)**	**2023($)**
Audit Fees(1)	3,154,827	2,928,006
Audit-Related Fees	—	—
Tax Fees(2)	205,029	207,555
All Other Fees	—	—
Total	**3,359,856**	**3,135,561**

(1) Relates to (i) the audit of our annual financial statements and internal controls, (ii) the review of the financial statements included in our quarterly reports, and (iii) statutory audits required by non-U.S. jurisdictions.

(2) Relates primarily to research and development credit studies and international tax compliance and consulting services.

The Audit Committee considered whether the provision of the foregoing services by KPMG was compatible with maintaining KPMG's independence and determined that they were compatible.

In accordance with its charter, the Audit Committee is required to pre-approve all audit and audit-related services and permitted non-audit services, including the terms of all engagements, to be performed by our independent registered public accounting firm. As part of its review, the Audit Committee considers whether the non-audit services will or may potentially impact our independent registered public accounting firm's independence. During fiscal years 2022 and 2023, all services performed by KPMG for our benefit were pre-approved by the Audit Committee in accordance with its charter and all applicable laws, rules, and regulations.

Audit Committee Report

The material in this report shall not be deemed to be (i) "soliciting material," (ii) "filed" with the SEC, (iii) subject to Regulations 14A or 14C of the Exchange Act, or (iv) subject to the liabilities of Section 18 of the Exchange Act. This report shall not be deemed incorporated by reference into any of our other filings under the Exchange Act or the Securities Act of 1933, as amended (the "Securities Act"), except to the extent the Company specifically incorporates it by reference into such filing.

Role of the Audit Committee

The Audit Committee operates under a written charter adopted by our Board in connection with the Company's initial public offering, which provides that its functions include the oversight of the quality of the Company's financial reports and other financial information and its compliance with legal and regulatory requirements; the appointment, compensation, and oversight of the Company's independent registered public accounting firm including reviewing their independence; reviewing and approving the planned scope of the Company's annual audit; reviewing and pre-approving any non-audit services that may be performed by the Company's independent registered public accounting firm; reviewing with management and the Company's independent registered public accounting firm the adequacy of internal financial controls; and reviewing the Company's critical accounting policies and estimates and the application of U.S. generally accepted accounting principles ("GAAP"). The Audit Committee held nine meetings during fiscal year 2023.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. Management is responsible for the Company's internal controls, financial reporting process, and compliance with laws and regulations and ethical business standards. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements and an independent audit of the Company's internal control over financial reporting, both in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). The Audit Committee's responsibility is to monitor and oversee this process.

Review of Audited Financial Statements for Fiscal Year Ended July 31, 2023

The Audit Committee reviewed and discussed the Company's audited financial statements for the fiscal year ended July 31, 2023 with management. The Audit Committee discussed with KPMG the matters required to be discussed under the PCAOB standards.

The Audit Committee received the written disclosures and the letter from KPMG required by PCAOB Standards regarding KPMG's communications with the Audit Committee concerning independence (Communication with Audit Committees Concerning Independence) and the Audit Committee has discussed with KPMG its independence from the Company and its management.

The Company's management has established and the Audit Committee has reviewed and approved procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submission by the Company's employees, received through established procedures, of concerns regarding questionable accounting or auditing matters.

Based on the Audit Committee's review and discussions with management and KPMG, the Audit Committee recommended to our Board that the Company's audited consolidated financial statements be included in the 2023 Annual Report for filing with the SEC.

Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent registered public accounting firm. Accordingly, Audit Committee oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with the standards of the PCAOB, that the consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles or that KPMG is in fact "independent."

THE AUDIT COMMITTEE

Catherine P. Lego (Chair)
Margaret Dillon
Paul Lavin

Proposal Three

Advisory Vote on Compensation of Named Executive Officers

The Board recommends a vote "FOR" the approval of the compensation of our named executive officers, as disclosed in the proxy.

Section 14A of the Exchange Act generally requires each public company to include in its proxy statement a separate resolution subject to a non-binding, advisory stockholder vote to approve the compensation of the company's named executive officers, as disclosed in its proxy statement pursuant to Item 402 of Regulation S-K, not less frequently than once every three years. This is commonly known as, and is referred to herein as, a "say-on-pay" proposal or resolution.

As described in detail under the heading "Compensation Discussion and Analysis," our executive compensation programs are designed to attract, retain, and motivate our named executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of specific annual, long-term, and strategic goals, and the realization of increased stockholder value. Please refer to the "Compensation Discussion and Analysis" in our proxy statement for additional details about our executive compensation programs, including information about the compensation of our named executive officers for the fiscal year ended July 31, 2023.

The compensation committee of the Board (the "Compensation Committee") annually reviews the compensation programs for our named executive officers to ensure that they achieve the desired goals of aligning our executive compensation structure with our stockholders' interests.

The say-on-pay proposal is advisory, and therefore will not have any binding legal effect on the Company, our Board, or the Compensation Committee. However, our Board and the Compensation Committee do value the opinions of our stockholders and intend to take the results of the vote on this proposal into account in its future decisions regarding the compensation of our named executive officers.

Recommendation

We are asking our stockholders to indicate their support for our named executive officers' compensation as described in this proxy statement. This say-on-pay proposal gives our stockholders the opportunity to express their views on our named executive officers' compensation. This vote is not limited to any specific item of compensation, but rather addresses the overall compensation of our named executive officers and our philosophy, policies, and practices relating to their compensation as described in this proxy statement pursuant to Item 402 of Regulation S-K. The following say-on-pay resolution is submitted for a stockholder vote at the annual meeting:

"**RESOLVED**, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby **APPROVED**."

Vote Required for Approval

The advisory approval of our executive compensation requires the approval of a majority of the shares present or represented by proxy and entitled to vote on the proposal at the annual meeting.

Proposal Four

Approval of the Amendment and Restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan to increase the total number of shares of common stock available for issuance under the Stock Plan by 3,800,000 shares

The Board recommends a vote "FOR" the amendment and restatement of the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan.

Our Board believes that stock-based incentive awards can play an important role in the success of the Company by encouraging and enabling the employees, officers, non-employee directors, and consultants of the Company and its subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. Our Board believes that providing such persons with a direct stake in the Company assures a closer identification of the interests of such individuals with those of the Company and its stockholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

On September 10, 2020, our Board adopted the Guidewire Software, Inc. 2020 Stock Plan (the "Initial Stock Plan"), which was approved by our stockholders on December 15, 2020, and on September 8, 2022, our Board adopted an amendment and restatement of the Initial Stock Plan, which was approved by our stockholders on December 20, 2022 (the "Stock Plan"). On October 17, 2023, our Board adopted an amendment and restatement of the Stock Plan (the "Amended and Restated Plan"), subject to stockholder approval at the 2023 annual meeting. The Amended and Restated Plan increases the aggregate number of shares authorized for issuance under the Stock Plan. The Amended and Restated Plan is designed to enhance the flexibility to grant equity awards to our officers, employees, non-employee directors, and consultants and to ensure that we can continue to grant equity awards to eligible recipients at levels determined to be appropriate by our Board and/or the Compensation Committee. A copy of the Amended and Restated Plan is attached as Appendix B to this proxy statement and is incorporated herein by reference.

We are asking you to approve the proposed Amended and Restated Plan to increase the total number of shares of common stock available for issuance thereunder by 3,800,000 shares, which will be available for the granting of awards under compensatory arrangements and incentives permitted thereunder, effective as of the date of our 2023 annual meeting. We are asking our stockholders to approve the Amended and Restated Plan so that we have a sufficient reserve of common stock to incentivize, attract, and retain talent in a highly competitive market and industry, and to align the interests of our employees with those of our stockholders. If our stockholders do not approve the Amended and Restated Plan, then 3,800,000 additional shares requested will not become available for issuance under the Stock Plan.

The Stock Plan will otherwise remain in effect in accordance with its terms, and based on historical and current grant practices, we anticipate that we could deplete our share reserve prior to completing our next annual equity refresh grant round in October 2024, putting us at a severe competitive disadvantage by severely restricting our ability to offer equity incentives to motivate, attract, and retain our employees. In such event, our Board will consider whether to adopt alternative arrangements based on its assessment of our needs. We believe that the proposed share pool increase to the Stock Plan is reasonable, appropriate, and in the best interests of our stockholders.

As of October 24, 2023, there were stock options to acquire 187,530 shares of common stock outstanding under our equity compensation plans, with a weighted average exercise price of $65.90 and a weighted average remaining term of 8.61 years. In addition, as of October 24, 2023, there were 3,864,286 unvested full value awards with time-based vesting and 525,596 unvested full value awards with performance-based vesting outstanding under our equity compensation plans. Other than the foregoing, no awards under our equity compensation plans were outstanding as of October 24, 2023.

As of October 24, 2023, 1,543,743 shares of our common stock remain available for issuance under the Stock Plan. This amount does not reflect the additional 3,800,000 shares reserved under the Amended and Restated Plan, as set forth in this proposal.

Summary of Material Features of the Amended and Restated Plan

The material features of the Amended and Restated Plan are:

- Pursuant to the Amended and Restated Plan, an additional 3,800,000 shares are reserved for issuance under the Amended and Restated Plan (together with the 6,780,000 shares of common stock currently reserved under the Stock Plan, an aggregate of 10,580,000 shares);
- The award of stock options (both incentive and non-qualified options), stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, cash-based awards, and dividend equivalent rights is permitted;
- Shares that are forfeited, cancelled, or otherwise terminated (other than by exercise) will be added back to the reserved pool under the Amended and Restated Plan. Shares tendered or held back upon exercise of an option or settlement of an award to cover the exercise price or tax withholding, and shares subject to a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right upon exercise thereof, will not be added back to the reserved pool under the Amended and Restated Plan. In addition, shares we reacquire on the open market will not be added to the reserved pool under the Amended and Restated Plan;
- Stock options and stock appreciation rights will not be repriced in any manner without stockholder approval;
- The value of all awards awarded under the Amended and Restated Plan and all other cash compensation paid by us to any non-employee director in any calendar year may not exceed $750,000;
- Any dividends and dividend equivalent rights payable with respect to any equity award are subject to the same vesting provisions as the underlying award.
- The plan administrator may only accelerate the exercisability or vesting of awards in circumstances involving a grantee's death or disability;
- No single trigger acceleration of vesting upon a sale event unless awards are not assumed, continued or substituted for by the successor entity;
- Any material amendment to the Amended and Restated Plan is subject to approval by our stockholders; and
- The term of the Amended and Restated Plan will expire on December 14, 2030 and no incentive stock options may be granted under the Amended and Restated Plan after September 9, 2030. We are not asking our stockholders to extend the term of the Stock Plan.

Based solely on the closing price of our common stock as reported by the New York Stock Market on October 24, 2023 and the maximum number of shares that would have been available for awards as of such date under the Amended and Restated Plan, the maximum aggregate market value of the common stock that could potentially be issued under the Amended and Restated Plan is $477,890,936.

Rationale for Share Increase

Equity incentive awards are an important component of our executive and non-executive employees' compensation. We grant equity awards on a broad basis to our employees because we believe equity compensation is a critical component of the Company's human capital management strategy, as it is essential to our recruiting, development, and retention objectives, which focus on attracting skilled and engaged employees who contribute the talent and diverse perspectives necessary to our innovative, forward-looking, and inclusive workforce. Also, we believe that an equity compensation program incentivizes employees to achieve our short-term and long-term business objectives, promotes an employee ownership culture, motivates employees to increase stockholder value by establishing a strong link between our employees and our stockholders' interests, and, because the awards are typically subject to vesting and other conditions, promotes a focus on long-term value creation. Based on historical and current grant practices, we anticipate that we could deplete our share reserve under the Stock Plan prior to completing our next annual equity refresh grant round in October 2024. If our stockholders approve the Amended and Restated Plan, we anticipate being able to award grants for approximately two years, depending on a variety of factors, including the future price of our common stock, our hiring activity during the next few years, and the rate of forfeitures of outstanding awards. Without stockholder approval of the Amended and Restated Plan, we would not be able to offer a competitive equity compensation program to attract, retain, and motivate the talented and qualified employees necessary for our continued growth and success, especially in an industry that relies on equity compensation as a key component of overall employee compensation. Hence, the Amended and Restated Plan is critical to our ongoing effort to build stockholder value.

We manage our long-term stockholder dilution by limiting the number of equity incentive awards granted annually. The Compensation Committee carefully monitors our annual net burn rate, total dilution, and stock-based compensation expense in order to maximize stockholder value by granting only the number of equity incentive awards that it believes are necessary and appropriate to attract, reward, and retain our employees. Our compensation philosophy for equity incentive awards links the interests of employees with those of our stockholders and motivates our employees to act as owners of the business.

Burn Rate

The following table sets forth information regarding historical awards granted and earned for the fiscal years 2021 through 2023 period, and the corresponding burn rate, which is defined as the number of shares subject to equity-based awards granted in a year divided by the weighted average number of shares of common stock outstanding for that year, for each of the last three fiscal years:

Share Element	2023	2022	2021
Stock Options Granted	121,168	60,900	0
Full-Value Awards Granted	2,287,778	1,942,391	1,429,325
Weighted average common shares outstanding during the fiscal year	82,176,629	83,569,517	83,577,375
Annual Burn Rate	2.9%	2.4%	1.7%
Three-Year Average Burn Rate(1)	2.3%	N/A	N/A

(1) As illustrated in the table above, our three-year average burn rate for the fiscal years 2021 through 2023 period was 2.3%.

The Compensation Committee determined the size of the reserved pool under the Amended and Restated Plan based on projected equity awards to anticipated new hires, projected annual equity awards to existing employees, and conducted an assessment of the magnitude of a share reserve increase that our stockholders would likely find acceptable. As noted above, we anticipate that if our request to increase the share reserve is approved by our stockholders, it will provide us with enough shares for equity awards for approximately two years, with such timing dependent on a variety of factors, including the future price of our common stock, our hiring activity during the next few years, and the rate of forfeitures of outstanding awards. These factors may result in the reserved pool under the Amended and Restated Plan to be depleted at a more rapid pace.

Summary of the Amended and Restated Plan

The following description of certain features of the Amended and Restated Plan is intended to be a summary only. The summary is qualified in its entirety by the full text of the Amended and Restated Plan, which is attached hereto as Appendix B.

Administration. The Amended and Restated Plan will be administered by the Compensation Committee. The Compensation Committee has full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the Amended and Restated Plan. The Compensation Committee may not accelerate the exercisability or vesting of all or any portion of any award unless in circumstances involving a grantee's death or disability. The Compensation Committee may delegate to a committee consisting of one or more officers of the Company, including our CEO, the authority to grant awards to employees who are not subject to the reporting and other provisions of Section 16 of the Exchange Act and are not members of the delegated committee, subject to certain limitations and guidelines.

Eligibility; Plan Limits. All full-time and part-time officers, employees, non-employee directors and consultants are eligible to participate in the Amended and Restated Plan, subject to the discretion of the administrator. As of October 24, 2023, approximately 4,073 individuals would have been eligible to participate in the Amended and Restated Plan had it been effective on such date, which includes 5 executive officers, 3,408 employees who are not executive officers, 7 non-employee directors and 653 consultants. There are also certain limits on the number of awards that may be granted under the Amended and Restated Plan.

Director Compensation Limit. The Amended and Restated Plan provides that the value of all awards awarded under the Amended and Restated Plan and all other cash compensation paid by the Company to any non-employee director in any calendar year shall not exceed $750,000.

Stock Options. The Amended and Restated Plan permits the granting of (1) options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and (2) options that do not so qualify. Options granted under the Amended and Restated Plan will be non-qualified options if they fail to qualify as incentive stock options or exceed the annual limit on incentive stock options. Incentive stock options may only be granted to employees of the Company and its subsidiaries. Non-qualified options may be granted to any persons eligible to receive incentive stock options and to non-employee directors and consultants. The option exercise price of each option will be determined by the Compensation Committee. Except in the case of options (i) granted pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code, (ii) granted to individuals who are not subject to U.S. income tax on the date of grant or (iii) that are compliant with Section 409A of the Code, the exercise price of an option may not be less than 100% of the fair market value of the common stock on the date of grant. Fair market value for this purpose will be determined by reference to the last reported sale price of the shares of common stock on the New York Stock Exchange. The exercise price of an option may not be reduced after the date of the option grant without stockholder approval, other than to appropriately reflect changes in our capital structure.

The term of each option will be fixed by the Compensation Committee and may not exceed ten years from the date of grant. The Compensation Committee will determine at what time or times each option may be exercised. Options may be made exercisable in installments and the exercisability of options may be accelerated by the Compensation Committee only in circumstances involving an optionee's death or disability. In general, unless otherwise permitted by the Compensation Committee, no option granted under the Amended and Restated Plan is transferable by the optionee other than by will or by the laws of descent and distribution or pursuant to a domestic relations order, and options may be exercised during the optionee's lifetime only by the optionee, or by the optionee's legal representative or guardian in the case of the optionee's incapacity.

Upon exercise of options, the option exercise price must be paid in full either in cash, by certified or bank check or other instrument acceptable to the Compensation Committee or by delivery (or attestation to the ownership) of shares of common stock that are beneficially owned by the optionee and that are not subject to risk of forfeiture. Subject to applicable law, the exercise price may also be delivered to the Company by a broker pursuant to irrevocable instructions to the broker from the optionee. In addition, non-qualified options may be exercised using a net exercise feature which reduces the number of shares issued to the optionee by the number of shares with a fair market value equal to the exercise price.

To qualify as incentive stock options, options must meet additional federal tax requirements, including a $100,000 limit on the value of shares subject to incentive stock options that first become exercisable by a participant in any one calendar year.

Stock Appreciation Rights. The Compensation Committee may award stock appreciation rights subject to such conditions and restrictions as the Compensation Committee may determine. Stock appreciation rights entitle the recipient to shares of common stock or cash equal to the value of the appreciation in the stock price over the exercise price. The exercise price may not be less than the fair market value of the common stock on the date of grant. The term of a stock appreciation right may not exceed ten years.

Restricted Stock. The Compensation Committee may award shares of common stock to participants subject to such conditions and restrictions as the Compensation Committee may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified restricted period. During the vesting period, restricted stock awards may be credited with dividend equivalent rights (but dividend equivalents payable with respect to restricted stock awards with vesting shall not be paid unless and until such vesting conditions are attained).

Restricted Stock Units. The Compensation Committee may award restricted stock units to participants. Restricted stock units are ultimately payable in the form of shares of common stock or cash subject to such conditions and restrictions as the Compensation Committee may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with the Company through a specified vesting period. In the Compensation Committee's sole discretion, it may permit a participant to make an advance election to receive a portion of his or her future cash compensation otherwise due in the form of a restricted stock unit award, subject to the participant's compliance with the procedures established by the Compensation Committee and requirements of Section 409A of the Code. During the deferral period, the deferred stock awards may be credited with dividend equivalent rights.

Unrestricted Stock Awards. The Compensation Committee may also grant shares of common stock that are free from any restrictions under the Amended and Restated Plan. Unrestricted stock may be granted to any participant in recognition of past services or other valid consideration and may be issued in lieu of cash compensation due to such participant.

Cash-Based Awards. The Compensation Committee may grant cash bonuses under the Amended and Restated Plan to participants. The cash bonuses may be subject to the achievement of certain performance goals.

Dividend Equivalent Rights. The Compensation Committee may grant dividend equivalent rights to participants, which entitle the recipient to receive credits for dividends that would be paid if the recipient had held specified shares of common stock. Dividend equivalent rights granted as a component of another award (other than a stock option or stock appreciation right) may be paid only if the related award becomes vested. Dividend equivalent rights may be settled in cash, shares of common stock or a combination thereof, in a single installment or installments, as specified in the award.

Change of Control Provisions. The Amended and Restated Plan provides that upon the effectiveness of a "sale event," as defined in the Amended and Restated Plan, outstanding awards may be assumed, continued or substituted for by the successor entity. If such awards are not assumed, continued or substituted for by the successor entity, then except as otherwise provided by the Compensation Committee in the award agreement, all awards with time-based conditions will become vested and exercisable upon the sale event and awards with conditions and restrictions relating to the attainment of performance goals may become vested and non-forfeitable in connection with a sale event to the extent specified in the relevant award agreement. In addition, the Company may make or provide for payment, in cash or in kind, to participants holding options and stock appreciation rights equal to the difference between the per share cash consideration and the exercise price of the options or stock appreciation rights (provided that, in the case of an option or stock appreciation right with an exercise price equal to or greater than the per share cash consideration, such option or stock appreciation right shall be cancelled for no consideration). The Compensation Committee shall also have the option to make or provide for a payment, in cash or in kind, to grantees holding other awards in an amount equal to the per share cash consideration multiplied by the number of vested shares under such awards. All awards will terminate in connection with a sale event unless they are assumed by the successor entity.

Adjustments for Stock Dividends, Stock Splits, Etc. The Amended and Restated Plan requires the Compensation Committee to make appropriate adjustments to the number of shares of common stock that are subject to the Amended and Restated Plan, to certain limits in the Amended and Restated Plan, and to any outstanding awards to reflect stock dividends, stock splits, extraordinary cash dividends and similar events.

Tax Withholding. Participants in the Amended and Restated Plan are responsible for the payment of any federal, state or local taxes that the Company is required by law to withhold upon the exercise of options or stock appreciation rights or vesting of other awards. The Compensation Committee may require the Company's tax withholding obligation to be satisfied, in whole or in part, by the Company withholding from shares of stock to be issued pursuant to any award a number of shares with an aggregate fair market value (as of the date the withholding is effected) that would satisfy the withholding amount due; provided, however, that the amount withheld does not exceed the maximum statutory tax rate or such lesser amount as is necessary to avoid liability accounting treatment. The Compensation Committee may also require the Company's tax withholding obligation to be satisfied, in whole or in part, by an arrangement whereby a certain number of shares issued pursuant to any award are immediately sold and proceeds from such sale are remitted to the Company in an amount that would satisfy the withholding amount due.

Amendments and Termination. Our Board may at any time amend or discontinue the Amended and Restated Plan and the Compensation Committee may at any time amend or cancel any outstanding award for the purpose of satisfying changes in the law or for any other lawful purpose. However, no such action may adversely affect any rights under any outstanding award without the holder's consent. To the extent required under the rules of the New York Stock Exchange, any amendments that materially change the terms of the Amended and Restated Plan will be subject to approval by our stockholders. Amendments shall also be subject to approval by our stockholders if and to the extent determined by the Compensation Committee to be required by the Code to preserve the qualified status of incentive stock options.

Effective Date of Amended and Restated Plan. Our Board adopted the Amended and Restated Plan on October 17, 2023, and it will become effective upon approval by our stockholders. No awards of incentive stock options may be granted under the Amended and Restated Plan after September 9, 2030. No other awards may be granted under the Amended and Restated Plan after December 14, 2030.

New Plan Benefits

Because the grant of awards under the Amended and Restated Plan is within the discretion of our Board and the Compensation Committee, the Company cannot determine the dollar value or number of shares of common stock that will in the future be received by or allocated to any participant in the Amended and Restated Plan. Accordingly, in lieu of providing information regarding benefits that will be received under the Amended and Restated Plan, the following table provides information concerning the benefits that were received by the following persons and groups during fiscal year 2023: each named executive officer; all current executive officers, as a group; all current directors who are not executive officers, as a group; and all current employees who are not executive officers, as a group.

	Options		Stock Awards	
Name	**Average Exercise Price ($)**	**Number of Awards (#)**	**Dollar Value ($)[1]**	**Number of Awards (#)**
Mike Rosenbaum Chief Executive Officer	—	—	7,851,062	119,136
Jeff Cooper Chief Financial Officer	—	—	3,628,981	55,068
Priscilla Hung President and Chief Operating Officer	—	—	3,628,981	55,068
John Mullen President and Chief Revenue Officer	—	—	3,175,326	48,184
Winston King Chief Administrative Officer, General Counsel, and Secretary	—	—	1,814,491	27,534
All current executive officers, as a group	—	—	20,098,841	304,990
All current directors who are not executive officers, as a group	—	—	1,622,516	26,828
All current employees who are not executive officers, as a group	$66.74	119,536	124,477,655	1,875,447

(1) The valuation of stock awards is based on the grant date fair value computed in accordance with FASB ASC Topic 718. For a discussion of the assumptions used in calculating these values, see Note 10 to our consolidated financial statements in our annual report on Form 10-K for the fiscal year ended July 31, 2023.

Tax Aspects Under the Code

The following is a summary of the principal federal income tax consequences of certain transactions under the Amended and Restated Plan. It does not describe all federal tax consequences under the Amended and Restated Plan, nor does it describe state or local tax consequences.

Incentive Stock Options. No taxable income is generally realized by the optionee upon the grant or exercise of an incentive stock option. If shares of common stock issued to an optionee pursuant to the exercise of an incentive stock option are sold or transferred after two years from the date of grant and after one year from the date of exercise, then (i) upon sale of such shares, any amount realized in excess of the option exercise price (the amount paid for the shares) will be taxed to the optionee as a long-term capital gain, and any loss sustained will be a long-term capital loss, and (ii) the Company will not be entitled to any deduction for federal income tax purposes. The exercise of an incentive stock option will give rise to an item of tax preference that may result in alternative minimum tax liability for the optionee.

If shares of common stock acquired upon the exercise of an incentive stock option are disposed of prior to the expiration of the two-year and one-year holding periods described above (a “disqualifying disposition”), generally (i) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares of common stock at exercise (or, if less, the amount realized on a sale of such shares of common stock) over the option exercise price thereof, and (ii) we will be entitled to deduct such amount. Special rules will apply where all or a portion of the exercise price of the incentive stock option is paid by tendering shares of common stock.

If an incentive stock option is exercised at a time when it no longer qualifies for the tax treatment described above, the stock option is treated as a non-qualified stock option. Generally, an incentive stock option will not be eligible for the tax treatment described above if it is exercised more than three months following termination of employment (or one year in the case of termination of employment by reason of disability). In the case of termination of employment by reason of death, the three-month rule does not apply.

Non-Qualified Stock Options. No income is realized by the optionee at the time the non-qualified stock option is granted. Generally (i) at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the option exercise price and the fair market value of the shares of common stock on the date of exercise, and we receive a tax deduction for the same amount, and (ii) at disposition, appreciation or depreciation after the date of exercise is treated as either short-term or long-term capital gain or loss depending on how long the shares of common stock have been held. Special rules will apply where all or a portion of the exercise price of the non-qualified option is paid by tendering shares of common stock. Upon exercise, the optionee will also be subject to Social Security taxes on the excess of the fair market value over the exercise price of the stock option.

Stock Appreciation Rights. No income will be recognized by a recipient upon the grant of either tandem or freestanding stock appreciation rights. For the year in which the stock appreciation right is exercised, the recipient will generally be taxed at ordinary income rates on the amount equal to the cash received plus the fair market value of any unrestricted shares received on the exercise.

Restricted Stock Awards. The recipient of a restricted stock award will generally be taxed at ordinary income rates on the fair market value of the restricted shares (reduced by any amount paid by the recipient for such restricted shares) at such time as the shares are no longer subject to restrictions. However, a recipient may elect under Section 83(b) of the Code (the election must be filed with the IRS within 30 days of the grant date) to be taxed at ordinary income rates on the difference between: (i) the fair market value of such shares of the Company’s common stock on the grant date, and (ii) the purchase price, if any, of the shares. If a Section 83(b) election has not been made, dividends received with respect to restricted shares will generally be taxed as ordinary income to the recipient. If a Section 83(b) election has been made, dividends will be taxed at dividend rates.

Restricted Stock Units. The recipient of a restricted stock unit will generally be taxed at ordinary income rates on the fair market value of the shares of the Company’s common stock awarded on the transfer date (reduced by any amount paid by the recipient for such shares). The capital gains/loss holding period for such shares will also commence on such date.

Unrestricted Stock Awards. The recipient of an unrestricted stock award will generally be taxed at ordinary income rates on the difference between: (i) the fair market value of the shares of the Company’s common stock on the grant date, and (ii) the purchase price, if any, of the shares.

Cash-Based Awards. The recipient will generally be taxed at ordinary income rates on the amount equal to the cash received.

Dividend Equivalent Rights. There are generally no Federal income tax consequences to the recipient or the Company on the grant of a dividend equivalent right. When the dividend equivalent right is converted to cash and/or additional shares of common stock and distributed to the recipient of a dividend equivalent right, the cash or the fair market value of the shares of common stock will be taxable to the recipient as ordinary income and the Company will be entitled to a corresponding deduction for tax purposes.

Parachute Payments. The vesting of any portion of an option or other award that is accelerated due to the occurrence of a change in control (such as a sale event) may cause a portion of the payments with respect to such accelerated awards to be treated as “parachute payments” as defined in the Code. Any such parachute payments may be non-deductible to the Company, in whole or in part, and may subject the recipient to a non-deductible 20% federal excise tax on all or a portion of such payment (in addition to other taxes ordinarily payable).

Limitation on Deductions. Under Section 162(m) of the Code, the Company’s deduction for awards under the Amended and Restated Plan may be limited to the extent that any “covered employee” (as defined in Section 162(m) of the Code) receives compensation in excess of $1 million a year.

Equity Compensation Plan Information

The following table provides information as of July 31, 2023 regarding shares of common stock that may be issued under the Company’s 2011 Stock Plan and the Stock Plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted average exercise price of outstanding options, warrants, and rights (b)	Number of securities remaining available for future issuance under equity compensation plan (excluding securities referenced in column (a)) (c)
Equity compensation plans approved by security holders[1]:	3,603,621	65.90[2]	3,001,696
Equity compensation plans not approved by security holders:	—	—	—
Total	**3,603,621**		**3,001,696**

(1) The shares of Company common stock underlying any awards that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without the issuance of stock, expired or are otherwise terminated (other than by exercise), under the Stock Plan and the Company’s 2011 Stock Plan will be added back to the shares of stock available for issuance under the Stock Plan. The Company no longer makes grants under the 2006 Stock Plan, the 2009 Stock Plan or the 2010 Restricted Stock Units Plan and there are no outstanding awards thereunder.

(2) Excludes 3,416,049 shares subject to RSUs outstanding as of July 31, 2023, as such shares have no exercise price.

Recommendation

Our Board has unanimously determined that it is in the best interests of the Company and our stockholders to amend and restate the Stock Plan in order to increase the number shares of our common stock available for issuance by 3,800,000 shares, for the granting of awards under compensatory arrangements and incentives permitted thereunder. Therefore, our Board has unanimously approved the proposed Amended and Restated Plan and recommends that our stockholders vote "FOR" the amendment and restatement of our Stock Plan to permit such share increase.

Vote Required for Approval

The affirmative vote of a majority of shares represented and entitled to vote at the annual meeting is required for the approval of the Amended and Restated Plan.

Information About the Board and Corporate Governance

Our Board, which is elected by our stockholders, is responsible for directing and overseeing our business and affairs. In carrying out its responsibilities, the Board selects and monitors our top management, provides oversight of our financial reporting processes, and determines and implements our corporate governance policies.

Our Board and management are committed to good corporate governance to ensure that we are managed for the long-term benefit of our stockholders, and we have a variety of policies and procedures to promote such goals. To that end, during the past year, our management reviewed our corporate governance policies and practices to ensure that they remain consistent with the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), SEC rules, and the listing standards of the New York Stock Exchange ("NYSE").

Besides verifying the independence of the members of our Board and committees (which is discussed in the section titled "Independence of the Board" below), at the direction of our Board, we also:

- Periodically review and make necessary changes to the charters for our audit, compensation, nominating and corporate governance, and risk committees;
- Have established disclosure control policies and procedures in accordance with the requirements of the Sarbanes-Oxley Act and the rules and regulations of the SEC;
- Have a procedure for receipt and treatment of anonymous and confidential complaints or concerns regarding audit or accounting matters; and
- Have a code of business conduct and ethics that applies to our officers, directors, and employees.

In addition, we have adopted a set of corporate governance guidelines. The NCG Committee is responsible for reviewing our corporate governance guidelines from time to time and reporting and making recommendations to the Board concerning corporate governance matters. Our corporate governance guidelines address such matters as:

- Director Independence – Independent directors must constitute at least a majority of our Board;
- Monitoring Board Effectiveness – Our Board must conduct an annual self-evaluation of the Board and its committees;
- Chairman of the Board – The roles and responsibilities of the Chairman of the Board are generally described in our corporate governance guidelines, as described under the section titled, "Chairman of the Board" below;
- Lead Independent Director – The roles and responsibilities of the Lead Independent Director are generally described in our corporate governance guidelines, as described under the section titled, "Lead Independent Director" below;
- Executive Sessions of Directors – The Chairman of the Board regularly leads meetings among non-employee directors without management present and the Lead Independent Director regularly leads meetings among the independent directors;
- Board Access to Independent Advisors – Our Board as a whole, and each of its committees separately, have authority to retain independent consultants, counselors, or advisors as each deems necessary or appropriate;
- Board Committees – All members of the audit, compensation, nominating and corporate governance and risk committees are independent in compliance with applicable NYSE criteria; and
- External Programs – We make director education program information available to our Board regularly, encourage them to attend director education programs, and reimburse the costs of attending such programs.

Copies of our corporate governance guidelines, code of business conduct and ethics, and committee charters can be found on our website at *www.guidewire.com* under "About/Investor Relations/Corporate Governance."

Meetings of the Board

Our Board held seven meetings in fiscal year 2023. During fiscal year 2023, each director attended at least 75% of all meetings held of the Board and the committees on which he or she served at the time. Under our corporate governance guidelines, directors are expected to be active and engaged in discharging their duties and to keep themselves informed about our business and operations.

Listening to Our Stockholders

Our Board welcomes feedback from stockholders on our governance practices and policies, board composition, executive compensation framework, and other matters related to our strategy and performance. During 2023, we continued our ongoing outreach efforts and received valuable feedback from stockholders, as further discussed in the *Compensation Discussion and Analysis* section provided herein.

Stockholder Communications with the Board

Stockholders and other parties may communicate directly with the Board by writing to: Board of Directors, c/o Guidewire Software, Inc., 970 Park Pl, Suite 200, San Mateo, California 94403. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our Audit Committee and handled in accordance with applicable procedures established by the Audit Committee.

For a stockholder communication directed to an individual director in his or her capacity as a member of our Board, to our Chairman of the Board, or our Lead Independent Director, stockholders and other parties interested in communicating directly with such director may do so by writing to: Board of Directors, c/o Guidewire Software, Inc., 970 Park Pl, Suite 200, San Mateo, California 94403, Attention: [Name of Individual Director].

Our General Counsel, in consultation with members of our Board as necessary, will review all incoming communications and, if appropriate, all such communications will be forwarded to the relevant member or members of our Board, or if none is specified, to our Chairman of the Board.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our directors, officers, and employees, including our CEO, principal financial officer, and principal accounting officer. During fiscal year 2023, no waivers were granted from any provision of the code of business conduct and ethics.

A copy of our code of business conduct and ethics is available on our website at *www.guidewire.com* under “About/Investor Relations/Corporate Governance” and may also be obtained without charge by contacting our Secretary at Guidewire Software, Inc., 970 Park Pl, Suite 200, San Mateo, California 94403. We intend to post any amendments to or waivers of our code of business conduct and ethics (to the extent applicable to our CEO, principal financial officer, or principal accounting officer) on our website.

Independence of the Board

Consistent with our corporate governance guidelines and NYSE rules, our Board has determined that, as of the date of this proxy statement, six out of the eight members of our Board are “independent,” the two non-independent members being Mike Rosenbaum, our CEO, and Marcus Ryu, our Chairman of the Board. In addition, all members of the Audit, Compensation, NCG, and Risk committees satisfy such independence criteria.

Structure of the Board

The positions of CEO and Chairman of the Board are separated. Our Board believes that separating these roles provides the right foundation to pursue strategic and operational objectives while maintaining effective oversight and objective evaluation of corporate performance. Our Chairman of the Board is Marcus Ryu, who is not currently independent, based on his prior service as a Company executive. Our Board has appointed Paul Lavin as our Lead Independent Director. We believe having a Lead Independent Director is an important governance practice given that the Chairman of the Board, Mr. Ryu, is not currently an independent director. This structure optimizes the roles of CEO, Chairman of the Board, and Lead Independent Director and provides us with sound corporate governance in the management of our business.

We also have a Lead Customer Advocate, Michael C. Keller, who knows the insurance industry well, to interact with and advocate on behalf of our customers.

Chairman of the Board

The duties of the Chairman of the Board include: (i) collaborating with the CEO on our strategy, product roadmap, management organization, acquisitions, and legal matters, (ii) reviewing meeting agendas of the Board in consultation with the CEO, (iii) presiding over meetings of the Board, (iv) approving meeting schedules to ensure that there is sufficient time for discussion of all items, (v) serving as a liaison between our CEO and our Board, and (vi) participating in the Board's annual evaluation process of the CEO.

Lead Independent Director

Our lead independent director is Paul Lavin. The duties of the Lead Independent Director include (i) chairing executive sessions of independent directors, (ii) presiding over meetings of the Board in the Chairman of the Board's absence, (iii) serving as liaison between the Chairman of the Board and the independent directors, (iv) approving meeting agendas for our Board (created by the CEO and Chairman of the Board), and ensuring there is sufficient time for discussion of all agenda items, (v) providing input on the amount and type of information shared with our Board (the Chairman of the Board and CEO are responsible for determining and gathering such information), (vi) having authority to call meetings of the independent directors, and (vii) if requested by major stockholders, ensuring that he or she is available for consultation and direct communication.

Lead Customer Advocate

Our lead customer advocate is Michael C. Keller. The duties of the Lead Customer Advocate include (i) serving as a representative and liaison for any requested interactions between our Board and our customers, (ii) overseeing and advising management on the development of customer engagement strategies, (iii) participating as a representative of our Board at customer-focused events, including the annual user conference, and leadership symposiums, and (iv) acting as sponsor for the Guidewire Strategic Customer Advisory Council including planning and attending meetings, assisting with follow up, and maintaining relationships with customer members.

Executive Sessions

The Board regularly holds executive sessions without the presence of executive management. The sessions are scheduled and led by our Chairman of the Board. We also regularly hold sessions of our independent directors led by our Lead Independent Director. Any director can request additional executive session(s) be scheduled.

Director Attendance at Annual Stockholder Meetings

Directors are encouraged, but not required, to attend our annual meeting of stockholders. All of the current directors serving as of the annual meeting of stockholders held on December 20, 2022 attended the meeting.

Board's Role in Risk Oversight

Our Board has overall responsibility for our risk oversight with a focus on the most significant risks. The Board's risk oversight process builds upon management's risk assessment and mitigation processes. Our enterprise risk management program is overseen by our Audit Committee, general counsel, chief financial officer, chief operating officer, chief information security officer, and vice president of enterprise risk management and internal audit. Individual risks are identified and prioritized based on their overall significance to the organization in the context of likelihood and impact. The most significant risks are then identified to the Board and each significant risk is individually evaluated, including a review of mitigating activities related to such risk and a discussion is undertaken between the Board and management. The management team communicates regularly with the Board, including the Audit and Risk Committees, regarding management's ongoing enterprise risk management assessments. Our Board also receives committee reports from each of the standing committees of the Board periodically to assist it in overseeing our enterprise risk management. In addition, the Risk Committee assists our Board in its oversight of key risks, including risks related to operations, business continuity, information security, and data management and privacy. The Risk Committee also assists our Board in oversight of guidelines, policies, and processes for monitoring and mitigating such key risks. The Board also considers and discusses with management the processes in place relating to enterprise risk management and any potential changes to be made to such processes going forward. Additional review or reporting of enterprise risks is conducted as needed or as requested by the Board or any of its committees.

Compensation Plans Risk Assessment

As part of its oversight function, our Board and our Compensation Committee in particular, along with our management team, considers potential risks when reviewing and approving various compensation plans, including executive compensation. Based on this review, our Compensation Committee has concluded that such compensation plans, including executive compensation, do not encourage risk taking to a degree that is reasonably likely to have a materially adverse impact on us or our operations.

Whistleblower Procedures

In accordance with the Sarbanes-Oxley Act, we have established procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission of concerns regarding accounting or auditing matters. If an individual has a concern regarding questionable accounting, internal accounting controls, or auditing matters, or the reporting of fraudulent financial information, such individual may report his or her concern by sending a letter (which may be anonymous at the discretion of the reporting person) to us at our principal executive offices to the attention of the general counsel and to the chair of the Audit Committee. Individual employees may also report their concerns by telephone or online (which may be anonymous at the discretion of the reporting person) by using our ethics reporting system accessible through our dedicated reporting website at https://www.whistleblowerservices.com/gwre. Such complaints received by telephone or via online reporting system are promptly sent to the general counsel and to the chair of the Audit Committee.

Committees of the Board

Our Board uses committees to work on certain issues in more detail than would be reasonable at a meeting of the full Board. Each committee reviews the progress and results of its meetings with the full Board and makes recommendations to our Board as and when appropriate. Our Board presently has four standing committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and a Risk Committee. Each of the four standing committees of our Board described below operates pursuant to a written committee charter that is available to stockholders on our website at *www.guidewire.com* under “About/Investor Relations/Corporate Governance.”

A summary of our committee structure and membership information of each of our directors as of the date of this proxy statement is available at page ii above.

Audit Committee

Catherine P. Lego (Chair)
Margaret Dillon
Paul Lavin

The Audit Committee met ten times in fiscal year 2023. The Board has determined that each of the members of the Audit Committee (1) is “independent” as defined by current NYSE listing standards and (2) meets the independence requirements of Rule 10A of the Exchange Act. Ms. Dillon and Ms. Lego each qualifies as a “financial expert” as defined by SEC rules. Pursuant to its charter, the Audit Committee is responsible for the oversight of the quality and integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications and independence of our independent registered public accounting firm, the performance of our independent registered public accounting firm, and other significant financial matters. In discharging its duties, the Audit Committee:

- Has the sole authority to appoint, compensate, retain, oversee, and terminate the independent registered public accounting firm;
- Reviews and approves the scope of the annual audit;
- Reviews and approves the scope of the internal audit;
- Reviews and pre-approves the engagement of our independent registered public accounting firm to perform audit and non-audit services and related fees;
- Reviews the integrity of our financial reporting process;
- Reviews our financial statements, disclosures and filings with the SEC;
- Reviews and approves an annual report of the Audit Committee for inclusion in this proxy statement;
- Reviews disclosures from our independent registered public accounting firm regarding independence standards;
- Reviews and, if appropriate, approves, related-party transactions;
- Oversees procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission of concerns regarding accounting or auditing matters;
- Annually reviews with management the Company’s key Environmental, Social and Governance (“ESG”) disclosures and the adequacy and effectiveness of applicable internal controls related to such disclosures; and
- Annually reviews and assesses its performance and the adequacy of its charter as well as the internal audit charter.

Compensation Committee

Michael C. Keller (Chair)
David S. Bauer
Rajani Ramanathan

The Compensation Committee met six times in fiscal year 2023. The Board has determined that each of the members of the Compensation Committee is (1) a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act and (2) “independent” as defined by current NYSE listing standards.

The Compensation Committee's specific responsibilities include the following:

- Overseeing our compensation policies, plans and benefits programs generally;
- Evaluating the performance of our executives;
- Overseeing, evaluating the performance of and setting compensation for our executive officers;
- Reviewing and approving any employment, severance, and change of control agreements with our executive officers, as well as any other compensation arrangements;
- Evaluating and recommending equity grants and compensation for our directors;
- Acting as administrator of our equity and other incentive-based compensation plans;
- Reviewing an annual discussion and analysis on executive compensation for inclusion in our annual report on Form 10-K and in our proxy statement;
- Overseeing all matters relating to stockholder advisory voting on executive compensation for our named executive officers (“say-on-pay”), the frequency of such voting, and stockholder advisory voting regarding change of control or “golden parachute” payments;
- Retaining or obtaining the advice of compensation consultants, legal counsel, and/or other advisers on compensation arrangements;
- Reviewing and approving the peer group of companies used to inform the Company's evaluation of compensation for its CEO, other executive officers, and directors;
- Reviewing any risks arising from our compensation philosophy and practices applicable to all employees that are reasonably likely to have a material adverse effect on the Company;
- Reviewing and discussing with management the Company’s compensation initiatives, policies, practices, reporting and disclosures with respect to ESG matters, including those for inclusion in our annual proxy statement and on our website;
- Overseeing engagement with stockholders and proxy advisory firms on executive compensation matters;
- Reviewing compliance by the Company’s directors and senior executives, including executive officers, with any applicable stock ownership guidelines established by the Board;
- Overseeing the application of the Company’s policy for recoupment of incentive compensation;
- Evaluating the impact of ESG matters on executive officer and employee performance and associated compensation arrangements;
- Reviewing and discussing with management the Company’s human capital management activities, including the Company’s disclosure of such activities in its public filings and reports, which activities include, among other things, matters relating to talent management and development, talent acquisition, employee engagement and diversity, equity, and inclusion; and
- Annually reviewing and evaluating its performance and periodically reviewing the adequacy of its charter.

Nominating and Corporate Governance Committee

Margaret Dillon (Chair)
Paul Lavin
Catherine P. Lego

The NCG Committee met four times in fiscal year 2023. The Board has determined that each of the members of the NCG Committee is "independent" as defined under current NYSE listing standards. Pursuant to its charter, the NCG Committee is responsible for, among other things:

- Making recommendations to our Board regarding nominees to the Board proposed for election by our stockholders as well as individuals to be considered to fill any vacancies that may occur on the Board;
- Evaluating and recommending to our Board any revisions to our corporate governance guidelines;
- Establishing criteria for membership on the Board and its committees, including criteria as to director independence;
- Overseeing the process for evaluating the performance of our Board and its committees;
- Evaluating the current composition, organization, and governance of our Board and its committees, determining future requirements and making recommendations to our Board for approval;
- Reviewing conflicts of interest policies;
- Oversight of the Company's ESG efforts; and
- Annually reviewing and evaluating its performance, including compliance with its charter.

Risk Committee

Rajani Ramanathan (Chair)
David S. Bauer
Michael C. Keller

The Risk Committee met four times in fiscal year 2023. Pursuant to its charter, the Risk Committee may meet as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities, including, among other things:

- Reviewing key risk exposures, including risks related to operations, business continuity, information security, and data management and privacy; the steps we have taken to detect, monitor and actively manage such exposures; and our risk assessment and risk management policies relating to such exposures;
- Reviewing and discussing with management the tone and culture within the company regarding such key risks;
- Reviewing management actions on significant compliance matters related to such key risks and our compliance with applicable laws and regulations related to such key risks; and
- Reviewing reports on selected key risk topics as the Risk Committee deems appropriate.

Consideration of Director Nominees

Stockholder Nominees. Our amended and restated bylaws permit stockholders to nominate directors for consideration at our annual stockholder meeting. For a description of this process, see the section titled *"Questions and Answers About the Annual Meeting, the Proxy Materials and Voting Your Shares - How can stockholders submit a proposal for inclusion in our proxy statement for the 2024 annual meeting?"* above. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the NCG Committee. The NCG Committee's policy is to consider properly submitted stockholder nominations. In evaluating all director nominations, the NCG Committee seeks to balance an individual's knowledge, experience and capabilities and compliance with the membership criteria set forth below under the section titled *"Director Qualifications."*

Director Qualifications. Our corporate governance guidelines apply membership criteria to nominees recommended by the NCG Committee for a position on our Board. These include judgment, diversity, skills, background, and experience in light of our Board's present composition and the current challenges and needs of our Board and its committees. The NCG Committee also takes into account the independence, financial literacy, and financial expertise standards required under our corporate governance guidelines and committees' charters and applicable laws and regulations, and the ability of the candidate, in light of the candidate's present activities and our corporate governance guidelines, to devote the necessary time and attention to serving as a director and a committee member. Each director must represent the interests of all stockholders. While we take into account diversity of background, experience, knowledge, and abilities and are committed to diversity, we do not have a formal policy that requires nominees to meet specific criteria.

Identifying and Evaluating Nominees for Directors. The NCG Committee utilizes a variety of methods to identify and evaluate director nominees. The NCG Committee plans to assess the appropriate size of our Board from time to time and whether any vacancies are expected. In the event that vacancies are anticipated or otherwise arise, the NCG Committee decides whether to fill such vacancies and, if so, considers various potential candidates. Candidates may come to the attention of the NCG Committee through current Board members, professional search firms engaged by the NCG Committee, stockholders, or others. These candidates may be evaluated at meetings of the NCG Committee and may be considered at any point during the year.

Succession Planning

Our CEO works with the NCG Committee and the Board on a regular basis to ensure there is a current and effective plan of succession and development for the CEO and the executive management team. Our Board believes that the directors and the CEO should collaborate on management succession planning and that the entire Board should be involved in the critical aspects of the succession planning process for our CEO, including establishing selection criteria that reflect our business strategies, identifying and evaluating potential internal candidates, and making key management succession decisions. Management succession is regularly discussed by the directors in meetings of the Board and in executive sessions of the Board. In addition, the Board annually reviews our leadership pipeline, talent strategies including succession, and plans for key positions. Directors also become familiar with potential successors for key positions through various other means, including presentations and informal meetings.

Corporate Sustainability and Environmental, Social, and Governance Matters

Our Consideration of Corporate Sustainability

Our Board and executive leadership team (“ELT”) recognize the importance of solid governance, environmental stewardship, and social responsibility to our long-term business growth and value creation. We review and consider sustainable business practices and are implementing processes in our operations to manage ESG matters relevant to our business and the industry that we serve, over time.

We are pleased to have issued our second Environmental, Social, and Governance Report in September 2023. For more information, please visit *www.guidewire.com* under “About/Corporate Sustainability.” The contents of this report and other information available on our website are not incorporated in this proxy statement.

Governance of ESG

While our entire Board engages on ESG matters that impact our business, it has assigned primary responsibility to specific Board committees to oversee ESG risks and strategy in areas such as the environment, data security, diversity, equity, inclusion and belonging (“DEIB”), corporate citizenship and risk management.

- The **NCG Committee,** in accordance with its charter, exercises oversight of our ESG efforts, including monitoring our approach, reviewing our citizenship and sustainability initiatives and targets, and assessing the impact of our operations and business practices. The NCG Committee is responsible for periodically reporting to our Board with regard to our ESG programs, including potential long- and short-term trends and the impact of ESG issues on our business.
- The **Audit Committee** is responsible for reviewing with management at least annually the type and presentation of our key ESG disclosures and the adequacy and effectiveness of applicable internal controls related to such disclosures.
- The **Compensation Committee** is tasked with considering our ESG efforts when evaluating executive compensation, evaluating the impact of ESG matters on executive officer and employee performance, and reviewing and discussing with management our compensation initiatives, policies and disclosures with respect to ESG matters as well as reviewing with management our human capital management activities, which include, among other things, matters relating to talent management and development, talent acquisition, employee engagement, and DEIB.
- The **Risk Committee** reviews and assists with oversight of our key risk exposures, including those related to operations, business continuity, information security, and data management and privacy.

More information on the committees’ charters can be found on our website at *www.guidewire.com* under “About/Investor Relations/Corporate Governance.”

Our CEO and ELT are responsible for our overall ESG strategic performance and appropriate structures to manage ESG across our business. We have appointed a Head of ESG, a seasoned company executive responsible for leading our integrated strategy and engaging with cross-functional teams and business leaders with the goal of appropriate alignment and management of our ESG initiatives. Additionally, we launched a management-level ESG Task Force in June 2021, led by our Head of ESG, that is comprised of leaders representing a broad cross-section within our business, including Finance, Investor Relations, Customer Success, People/DEIB, Legal/Compliance, Enterprise Risk Management, and Information Security. This cross-functional group is responsible for our overall ESG program's strategic performance, including the creation and support of appropriate structures to manage ESG matters across the business. The NCG Committee exercises primary oversight for our overall ESG program's strategic development, implementation, and monitoring initiatives. Our ESG Task Force meets at least quarterly, advises on ESG disclosures, and provides periodic updates to the NCG Committee and ELT.

Responsible Business Practices

We believe that governance and responsible business practices strengthen our long-term success through our core value of integrity, contributing to a strong foundation for our ESG program. We shape this core value into action through our policies and procedures.

Governance, Trust, and Integrity

Our Board oversees the implementation of responsible practices consistent with the evolving governance environment. The NCG Committee is responsible for reviewing our corporate governance guidelines from time to time and reporting and making recommendations to our Board concerning corporate governance matters. We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers, and employees, including our CEO, principal financial officer, and principal accounting officer. We currently are not a politically active organization, and we do not contribute to political campaigns or participate in lobbying efforts. Copies of our Corporate Governance Guidelines and Code of Business Conduct and Ethics can be found on our website at *www.guidewire.com* under "About/Investor Relations/Corporate Governance."

Information Security and Data Privacy

Our Board maintains oversight of our security program through its Risk Committee, including any associated guidelines, policies, and processes for monitoring and mitigating risks related to information security.

Led by our Chief Information Security Officer and Chief Information Officer, as well as our Product Development, Operations, Privacy, Information Security and Business Technology teams, we are embracing a security- and privacy-first mindset as we continue to grow our teams and invest in the infrastructure, personnel, best practices, and policies required to secure and protect the data entrusted to us.

We maintain our ISO 27001 certification and undergo periodic SOC 2 audits to protect and assess our security programs, including the use of third-party information security standards such as the National Institute of Standards and Technology Cybersecurity Framework and the Zero-Trust Architecture. We also commit to transparent privacy principles in our Privacy Policy, including not sharing or selling customer data for marketing, advertising, or other commercial purposes.

We outsource our data center needs to a third-party provider, utilizing cloud-based platforms and leveraging physical and data security infrastructure. The provider is required to comply with our third-party vendor and security protocols, in addition to all applicable data privacy laws.

Business Continuity and Disaster Recovery

The Risk Committee assists our Board in its oversight of specific risks related to our operations and business continuity. For additional information, please see the discussion of our Board's Role in Risk Oversight within this proxy statement.

Human Capital and Social Impact

Our Board oversees our human capital management through its Compensation Committee's consideration and discussion with our executives on the tone and culture within the company. Additionally, the NCG Committee also reviews with our executives the impacts to our business operations and business practices with respect to issues such as DEIB, corporate citizenship, and community involvement.

Attracting, Developing, and Retaining Employees

Understanding and anticipating the priorities and needs of our current and future employees is important to realizing our mission to be the platform insurers trust to engage, innovate, and grow efficiently. Our recruiting, development, and retention objectives focus on attracting skilled and engaged employees who contribute the talent and diverse perspectives critical to our innovative, forward-looking, and inclusive workforce. Our flexible work policies expand our ability to hire and retain talent in geographies where we do not have physical offices. Fostering career progression by encouraging regular professional education empowers our employees to pursue their professional goals, which is critical to developing and retaining our employees.

Our current benefit and wellness programs are designed to drive engagement that positively impacts our culture, job satisfaction, recruiting, and retention. In response to the COVID-19 pandemic, we expanded our physical, mental, and family health programs and informational outreach. We also seek to continue to improve our employee experience through professional development opportunities and personal empowerment, and fair compensation and benefits.

Diversity, Equity, Inclusion and Belonging

We strive to create an environment that is inclusive and embraces diversity across our global workforce and appointed a Global Head of DEIB in December 2020. Our DEIB program consists of policies and processes that align and drive our DEIB strategy and long-term success and is built upon three key pillars: establishing inclusive practices, building inclusive partnerships, and providing education and resources.

Since fiscal year 2021, we have established several initiatives to achieve the goal of building inclusion and belonging into our company culture, where diversity is valued and harnessed so that our employees can contribute their best work. We have broadened the scope of our talent attraction and hiring process to identify more diverse candidates, with the goal of creating a more diverse global workforce over time. We have established Employee Resource Groups (“ERGs”), employee-led groups of volunteer individuals with common interests, experiences, backgrounds or demographics such as race/ethnicity, gender, sexual orientation, military status, religion, abilities, and age. We established seven ERGs in fiscal years 2021 and 2022, and an additional ERG, as well as an affinity group, in fiscal year 2023.

Community Support and Outreach

In fiscal year 2022, we re-launched our Guidewire Gives Back (“GGB”) program focused on investing in local communities where we operate by encouraging employee volunteerism, philanthropy, and social impact investment. The GGB program is centered around employee engagement and community impact through volunteer hours from the Guidewire community and financial donations, both of which are geared toward making a measurable difference. The GGB strategy, programs, and collaborative partnerships reflect employees’ passions and embody Guidewire’s corporate mission as well as our customers’ purposes. In fiscal year 2023, we expanded our GGB program to include collaborations with our customers.

Environmental Sustainability

Our Board oversees our environmental stewardship through the responsibilities of the NCG Committee, which periodically reviews with our executives the environmental considerations of our business practices, and reports to our Board on a periodic basis environmental long- and short-term trends and their potential business impact.

We continue to identify possible strategies to reduce our global environmental footprint. As a global company with more than 20 offices around the world, we are working towards reducing waste and energy consumption, measuring and reducing our emissions, and looking towards optimizing the performance of our buildings through incorporating green building standards in office design, construction and operation as part of our overall efforts with respect to corporate sustainability.

In fiscal year 2020, we formed a greenhouse gas (“GHG”) emissions baseline from which we intend to establish future goals. In order to limit our carbon footprint, we outsource portions of our operations such as our data centers to third-party data center solutions hosted on cloud-based platforms, which we believe leverage economies-of-scale to reduce carbon emissions and electricity usage. For example, in fiscal year 2022, we exited certain of our data center co-location facilities and transitioned to running our operations on a third-party provider’s cloud service.

No Incorporation by Reference

This proxy statement includes several website addresses or references to additional company reports or resources found on those websites. These website addresses are intended to provide inactive, textual references only. The information on these websites, including the information contained in those reports or resources, is not part of this proxy statement and is not incorporated by reference in this proxy statement.

Executive Officers

Our executive officers, and their ages and positions as of October 23, 2023, are set forth below:

Name	Age	Position(s)
Mike Rosenbaum	52	Chief Executive Officer
Jeff Cooper	47	Chief Financial Officer
Priscilla Hung	56	President and Chief Operating Officer
John Mullen	51	President and Chief Revenue Officer
Winston King	52	Chief Administrative Officer, General Counsel, and Secretary

Mike Rosenbaum. See the section titled "Proposal One: Election of Directors" for Mr. Rosenbaum's biographical information.

Jeff Cooper

Age: 47
Chief Financial Officer

Jeff Cooper has served as our Chief Financial Officer ("CFO") since June 2020. Mr. Cooper had previously served as interim Chief Financial Officer since March 5, 2020 and, prior to that, served as the Company's Vice President of Finance since 2017. Prior to joining us, Mr. Cooper served as Chief Financial Officer of GoodData, a privately held cloud-based data and analytics platform company, from 2016 to 2017. From 2013 to 2016, Mr. Cooper served as Vice President, Finance for Rally Software, a publicly traded cloud-based application lifecycle management software company. Prior to that, Mr. Cooper was a Vice President focusing on the software industry in the investment banking division of Deutsche Bank Securities. Mr. Cooper holds a B.A. in Political Science from Princeton University and an M.B.A. degree from the London Business School.

Priscilla Hung

Age: 56
President and
Chief Operating Officer

Priscilla Hung has served as our President since June 2020 and Chief Operating Officer since June 2017. She also served as our Chief Administrative Officer from September 2014 to June 2017, our Senior Vice President of Operations & Corporate Development from September 2012 to September 2014, our Vice President of Operations from 2010 to 2012, and our Vice President of Corporate Development & Alliances from 2005 to 2010. Ms. Hung has served on the board of directors of Veeva Systems Inc., a publicly traded vertical enterprise SaaS company, since January 2022 and Ethos, a privately held life insurance provider, since August 2020. Ms. Hung had served as a member of the board of directors of Vonage Holdings Corp. since October 2019, which was a publicly traded cloud communications provider until it was acquired by Ericsson in July 2022. Prior to joining Guidewire, from 2000 to 2005, Ms. Hung held several management positions at Ariba Inc., including the Director of Operations and Director of Global Channels and Alliances. Ms. Hung holds an M.Eng. Degree in Industrial Engineering and Operations Research from Cornell University.

John Mullen

Age: 51
President and
Chief Revenue Officer

John Mullen has served as our President and Chief Revenue Officer since February 2022. Mr. Mullen leads Guidewire's Global Sales, Delivery Services, and Customer Success organizations. Prior to joining Guidewire, Mr. Mullen held a variety of leadership positions with Capgemini for 14 years including CEO of the North America, America Business Unit, and as Corporate Vice President in the Financial Services Global Practice where he served as the Global Insurance Business Unit Leader. He began his career with eight years at Accenture. He earned a bachelor's degree from the University of Dayton and his masters degree from the University of Tulsa.

Winston King

Age: 52
Chief Administrative Officer,
General Counsel, and
Secretary

Winston King has served as our General Counsel and Secretary since January 2013 and has served as our Chief Administrative Officer since June 2018. Before joining Guidewire, Mr. King worked at Infogroup, Inc., a multinational data, marketing services and research firm, from 2007 to 2012, where he most recently was EVP, General Counsel and Secretary. Prior to that, Mr. King practiced with the WilmerHale law firm in its Washington, DC office. Mr. King holds an A.B. in Economics from Duke University and a J.D. from Vanderbilt University School of Law.

Information Regarding Compensation of Directors and Executive Officers

Director Compensation

We believe that a combination of cash and equity compensation is appropriate to attract and retain the individuals we desire to serve on our Board and that this approach is comparable to the policies of our peers. More specifically, our cash compensation policies are designed to encourage frequent and active interaction between our directors and our executives, both during and between formal meetings, as well as to compensate our directors for their time and effort. Further, we believe that it is important to align the long-term interests of our non-employee directors with those of the Company and its stockholders and that awarding equity compensation to, and thereby increasing ownership of our common stock by, our non-employee directors is an appropriate means to achieve this alignment.

The Compensation Committee reviews non-employee director compensation approximately every year, to determine the appropriate compensation for service on the Board. The Compensation Committee last reviewed non-employee director compensation in December 2022. In doing so, the Compensation Committee reviewed and considered a peer group study prepared by its then-retained executive compensation advisor, Aon Human Capital Solutions, a division of Aon plc ("Aon"). The Compensation Committee did not strictly target any specific levels of pay, and instead, used the comparative market data provided by Aon as an important reference point in its decision-making process. Based on its review, for calendar year 2023, the Compensation Committee recommended, and our Board agreed, to not make any changes to our non-employee director cash compensation from calendar year 2022, other than to increase the value of the initial and annual RSU grants to $225,000 from $200,000.

Our non-employee directors receive an annual cash retainer for Board service in addition to equity compensation, as set forth in further detail in the table below. Our non-employee directors do not receive fringe or other benefits. Directors who are also one of our employees are not entitled to additional compensation for serving as a director.

Position		Annual Cash Retainer ($)(1)	Equity Compensation ($)(2)
Board Membership		50,000	Initial grant of restricted stock units ("RSUs") with a value of $225,000 (pro-rated) and annual grant of RSUs with a value of $225,000
Position		**Additional Annual Cash Retainer ($)**	**Additional Equity Compensation ($)**
Chairman of the Board		50,000	—
Lead Independent Director		50,000	—
Lead Customer Advocate		30,000	—
Audit Committee	Chair	25,000	—
	Non-Chair Member	12,500	—
Compensation Committee	Chair	20,000	—
	Non-Chair Member	10,000	—
Nominating and Corporate Governance Committee	Chair	10,000	—
	Non-Chair Member	5,000	—
Risk Committee	Chair	20,000	—
	Non-Chair Member	10,000	—

(1) The annual cash retainers are payable in quarterly installments and pro-rated based on number of days served.

(2) The RSU grants vest on the one-year anniversary of the grant date. However, if the non-employee director's service ends at the next annual meeting of stockholders and such meeting occurs before the one-year anniversary of the grant date, the RSU shall be fully vested on the date of such annual meeting. All RSU grants held by non-employee directors will fully vest upon a sale of the Company.

The table below shows the compensation received or earned by each of our non-employee directors during fiscal year 2023. Of our directors during fiscal year 2023, Mike Rosenbaum was an employee and did not receive any additional compensation for his service as our director during this time. Mr. Rosenbaum was a named executive officer for fiscal year 2023 and information regarding his compensation for the year is presented below in the “Summary Compensation Table.”

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
Marcus Ryu(2)	99,725	225,841	325,566
Paul Lavin(3)	117,177	225,841	343,018
David Bauer(4)	58,269	267,469	325,738
Andrew Brown(5)	28,594	—	28,594
Margaret Dillon(6)	72,301	225,841	298,142
Michael C. Keller(7)	109,698	225,841	335,539
Catherine P. Lego(8)	79,780	225,841	305,621
Rajani Ramanathan(9)	78,132	225,841	303,973

(1) The amounts shown reflect the aggregate grant date fair value of RSUs granted during fiscal year 2023, determined in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Compensation--Stock Compensation (“Topic 718”). These amounts do not represent the actual amounts paid to or realized by the non-employee directors during fiscal year 2023. Pursuant to SEC rules, these amounts exclude the impact of estimated forfeitures related to service-based vesting conditions. See Note 10 of the consolidated financial statements in the 2023 Annual Report on Form 10-K regarding assumptions underlying valuation of equity awards.

(2) As of July 31, 2023, Mr. Ryu held 3,736 unvested RSUs.

(3) As of July 31, 2023, Mr. Lavin held 3,736 unvested RSUs.

(4) As of July 31, 2023, Mr. Bauer held 3,736 unvested RSUs. David Bauer was appointed as a member of our Board effective October 1, 2022. Upon appointment, Mr. Bauer received a pro-rated initial grant of RSUs and was entitled to cash compensation for his services as described under “Director Compensation” above.

(5) Mr. Brown’s service on our Board expired at last year’s annual meeting of stockholders, which was held on December 20, 2022. As of July 31, 2023, Mr. Brown held no outstanding, unvested equity awards.

(6) As of July 31, 2023, Ms. Dillon held 3,736 unvested RSUs.

(7) As of July 31, 2023, Mr. Keller held 3,736 unvested RSUs.

(8) As of July 31, 2023, Ms. Lego held 3,736 unvested RSUs.

(9) As of July 31, 2023, Ms. Ramanathan held 3,736 unvested RSUs.

Stock Ownership Guidelines

We have adopted stock ownership guidelines that are applicable to non-employee directors. Effective as of March 2021, we amended our stock ownership guidelines to require each non-employee director to own shares of our common stock equal to at least five times his or her annual cash retainer, by the first July 31st that occurs following the three-year anniversary of his or her initial election to our Board or, if later, July 31, 2023. Only shares of our common stock that are owned or held in the following forms will be considered in determining whether each non-employee director has met the stock ownership requirement: (i) shares owned directly by the non-employee director; (ii) shares “beneficially owned” by the non-employee director that are held in a grantor trust (or similar instrument) for the benefit of the non-employee director and/or his or her immediate family members, but only to the extent that the non-employee director has the power to vote and dispose of such shares; and/or (iii) shares representing the aggregate net value of vested and unexercised in-the-money options. Shares of our common stock underlying unvested options, unvested RSUs, unvested performance-based RSUs and other unvested equity awards will not be considered when determining whether a non-employee director has met the stock ownership requirement. As of July 31, 2023, all of our non-employee directors who have served for three or more years have satisfied the ownership requirements.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2023, none of our executive officers served as a member of the Board or compensation committee of any entity that has one or more executive officers serving as a member of our Board or compensation committee.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis and, based on such review and discussions, the Compensation Committee recommended to our Board that this Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE

Michael C. Keller (Chair)
David Bauer
Rajani Ramanathan

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the material components of our executive compensation program for:

Name	Positions Held with the Company
Mike Rosenbaum	Chief Executive Officer
Jeff Cooper	Chief Financial Officer
Priscilla Hung	President and Chief Operating Officer
John Mullen	President and Chief Revenue Officer
Winston King	Chief Administrative Officer, General Counsel, and Secretary

We refer to these executive officers collectively in this Compensation Discussion and Analysis and the related compensation tables as the “Named Executive Officers (“NEOs”).”

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each element of compensation that we provide. In addition, we explain how and why the Compensation Committee arrived at the specific compensation policies and decisions involving our NEOs during fiscal year 2023.

This Compensation Discussion and Analysis contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation plans and arrangements. The actual compensation plans and arrangements that we adopt may differ materially from currently anticipated plans and arrangements as summarized in this Compensation Discussion and Analysis.

Executive Compensation Philosophy and Objectives

We operate in a highly competitive business environment, which is characterized by frequent technological advances, rapidly changing market requirements and the emergence of new market entrants. To succeed in this environment, we need to attract and retain a highly talented, and seasoned team of technical, sales, marketing, operations, and other business professionals.

We compete with many other companies in seeking to attract and retain a skilled management team. To meet this challenge, we have embraced a compensation philosophy of offering our executive officers compensation and benefit packages that are fair and reasonable, are competitive within our market, are focused on long-term value creation, and reward the achievement of our strategic, financial, and operational objectives.

Accordingly, we have oriented our executive compensation program to observe the following basic principles and objectives:

- provide total compensation opportunities that enable us to recruit and retain executive officers with the experience and skills to manage our growth and lead us to the next stage of development;
- provide total compensation opportunities that are consistent with our business goals;
- provide cash compensation that is market-based and, in the case of cash-based incentives, establish a direct and meaningful link between business results, individual performance, and rewards;
- provide equity-based compensation that enables our executive officers to share in our financial results and that establish a clear alignment between their interests and the interests of our stockholders;
- provide a core level of welfare and other benefits; and
- maintain compensation policies and practices that reinforce a culture of ownership, excellence, and responsiveness.

Compensation Program Design

For fiscal year 2023, the compensation of our executive officers, including the NEOs, has consisted of base salary, a cash bonus opportunity, and equity compensation in the form of RSUs subject to performance-based vesting conditions tied to corporate financial and operational metrics ("Performance-Vesting RSUs") and RSUs subject to time-based vesting conditions ("Time-Vesting RSUs"). Of these components, only base salary is fixed while the other components are variable based on the performance of both the Company and the individual executive officer, measured against specific objectives that are determined in advance.

The key component of our executive compensation program has been equity awards in the form of Performance-Vesting RSUs and Time-Vesting RSUs. We use equity-based awards as we deem appropriate to offer our employees, including our executive officers, long-term equity incentives that align their interests with the long-term interests of our stockholders.

We also have offered cash compensation in the form of base salaries, to reward individual contributions and compensate our executive officers for their day-to-day responsibilities, and annual cash bonuses, to drive and incentivize our executive officers to achieve our short-term strategic and operational objectives.

In addition to these elements of our executive compensation program, we also provide executive officers, including our NEOs, with certain other indirect benefits, including participation in certain post-employment compensation arrangements. For a description of these other features of our compensation program, please refer to the section below titled *"Executive Compensation Program Elements-Welfare and Other Benefits"* and *"Executive Agreements and Termination of Employment Arrangements."*

We evaluate our philosophy and compensation programs as circumstances require, and at a minimum, we review executive compensation annually. As part of this review process, we apply our values and the objectives outlined above, while also considering whether our proposed compensation ensures that we remain competitive for talent, that we meet our retention objectives, and that our cost of replacement for a key employee is reasonable.

Compensation-Setting Process

Role of the Compensation Committee

The Compensation Committee is responsible for overseeing our executive compensation program and for determining the compensation of our executive officers, including the NEOs. In addition, the Compensation Committee provides strategic direction to management regarding the overall corporate compensation philosophy. The Compensation Committee operates pursuant to a written charter that has been approved by our Board.

Typically, in the first quarter of each fiscal year, the Compensation Committee reviews the compensation of our executive officers, decides whether to make any adjustments to their base salaries, designs an executive bonus plan, including the corporate performance measures and objectives to be used for purposes of determining their annual cash bonuses for the current fiscal year, and determines whether to approve any equity awards. In addition, at that time, the Compensation Committee evaluates the performance of the Company, as well as the individual performance of each executive officer, as applicable, to determine whether to pay cash bonuses for the previous fiscal year and, if so, the amount of any such bonuses.

In determining executive compensation for fiscal year 2023, the Compensation Committee reviewed and considered various market data presented by Aon, as well as our overall financial plan. The Compensation Committee did not strictly set compensation at a specific level of pay. Other factors considered in setting our executive compensation include individual performance, role and tenure. Accordingly, the comparative market data provided by Aon was one reference point and one factor, among others, in our compensation decision-making process.

The Compensation Committee has not delegated any of its authority with respect to executive compensation matters.

Role of Senior Management

Typically, the Compensation Committee seeks the input of our CEO when discussing the performance of and compensation for our executive officers, including the other NEOs other than the CEO. In this regard, our CEO reviews the performance of the other executive officers, including the other NEOs, annually and presents to the Compensation Committee his conclusions and other input as to their compensation, including base salary adjustments, cash bonus payouts, and equity awards. The Compensation Committee uses this input as one factor in its deliberations to determine the compensation of our executive officers.

While our CEO attends certain meetings of the Compensation Committee, the Compensation Committee meets outside the presence of our CEO when discussing his compensation and when discussing certain other matters. Decisions with respect to our CEO's compensation are made by the Compensation Committee and our Board.

The Compensation Committee also works with our CFO, our Chief People Officer, and our Chief Administrative Officer and General Counsel in evaluating the financial, accounting, tax, and retention implications of our executive compensation plans and arrangements.

Role of Compensation Consultant

The Compensation Committee is authorized to retain the services of one or more executive compensation advisors, as it sees fit, in connection with the oversight of our executive compensation program. For fiscal year 2023, the Compensation Committee engaged Aon from August 1, 2022 until June 30, 2023, as well as Semler Brossy Consulting Group, LLC ("Semler Brossy") since May 18, 2023, to provide information, recommendations, and other advice relating to executive compensation. During fiscal year 2023, Aon performed the following projects for the Compensation Committee:

- reviewed our general compensation principles for fiscal year 2023;
- prepared an assessment of non-employee director compensation;
- prepared an assessment of our executive officers' total compensation, as well as each individual compensation component, including an analysis of cash compensation, equity compensation, and total direct compensation as compared to a composition of our peer group (described below);
- prepared an analysis of competitive market compensation practices for certain executive positions;
- assisted with the design of the overall equity program, including helping set grant levels for the Company as a whole;
- analyzed pay survey data;
- provided advice regarding best practices and compensation trends, including proxy advisory firms' evolving positions on executive pay; and
- performed a risk analysis of our compensation arrangements.

During fiscal year 2023, Semler Brossy performed the following projects for the Compensation Committee:

- oversaw the design and operation of our executive compensation program;
- reviewed our executive compensation program and philosophy and advised on changes in light of evolving best practices;
- assisted the Compensation Committee in the review, design, and improvement of short- and long-term incentive programs for our senior management team and other levels of management; and
- worked with the Compensation Committee and risk management personnel in conducting pay-risk assessments and identifying areas for change and improvement.

Aon and Semler Brossy both served at the discretion of the Compensation Committee. The Compensation Committee assessed the independence of Aon and Semler Brossy pursuant to applicable SEC and NYSE rules and concluded that no conflict of interest exists that would prevent Aon or Semler Brossy from independently advising the Company.

Comparative Market Data

To assist the Compensation Committee during its annual review of the competitiveness of compensation levels and the appropriate mix of compensation elements to our executive officers, including our NEOs, Aon prepared comparative market data on compensation practices and programs as well as guidance on industry best practices. The Compensation Committee, with guidance from Aon and input from senior management, determines the composition of our peer group and reevaluates this group on an annual basis. The Compensation Committee determined that our peer group for determining the compensation of our NEOs in fiscal year 2023 in connection with our annual compensation review would consist of 17 public software companies in the San Francisco Bay Area and other technology "hubs" with revenue between $400 million and $2 billion, including high revenue growth companies, and market capitalization between $4 billion and $40 billion. Below is a list of the companies in our peer group for setting fiscal year 2023 compensation for our NEOs:

Fiscal Year 2023 Peer Group Companies

Anaplan	**HubSpot, Inc.**	**RingCentral, Inc.**
ANSYS, Inc.	**Manhattan Associates, Inc.**	**Splunk Inc.**
Aspen Technology, Inc.	**New Relic, Inc.**	**Tyler Technologies, Inc.**
Coupa Software Incorporated	**Okta, Inc.**	**Veeva Systems, Inc.**
Dynatrace	**Paycom Software**	**Zendesk, Inc.**
Elastic	**Paylocity Holding Corporation**	

The evaluation of the peer group generally occurs in March of each year. In March 2023, our Compensation Committee reassessed our peer group for use in setting our fiscal year 2024 executive compensation, and determined to base it on publicly traded software companies in the San Francisco Bay Area and other technology “hubs” with revenue between $450 million and $2.5 billion, including high revenue growth companies, and market capitalization between $2 billion and $20 billion. Our Compensation Committee removed two companies from the fiscal year 2023 peer group listed above (Anaplan and Zendesk, Inc.) and added two new companies (BlackLine and Qualys) to the peer group so that the group contained a sufficient number of companies.

Consideration of Say-On-Pay Advisory Vote

At our December 20, 2022 annual meeting, we held a non-binding, advisory vote on the compensation of our NEOs (a “Say-on-Pay” vote), which received the support of approximately 91% of the votes cast. Our Board and Compensation Committee are encouraged by this level of stockholder support of our executive compensation program, and generally view this as an endorsement of our philosophy and how we have structured our compensation program. Given this level of stockholder support, the Compensation Committee concluded that our executive officer compensation program continues to align executive officer pay with stockholder interests and provides competitive pay that encourages retention and effectively incentivizes performance of talented executive officers. Accordingly, the Compensation Committee determined not to make any significant changes to our executive compensation program as a result of the Say-on-Pay vote. In addition, consistent with the recommendation of our Board and the preference of our stockholders as reflected in the non-binding, advisory vote on the frequency of future Say-on-Pay votes held at our December 15, 2020 annual meeting, we intend to continue holding an annual Say-on-Pay vote.

We are committed to continuing our ongoing engagement with our stockholders on matters of executive compensation and corporate governance. As a result, we have continued to engage in a robust stockholder outreach program. In 2023, we reached out to our 25 largest institutional stockholders and key investors, with aggregate holdings of approximately 72% of our outstanding shares (as of June 30, 2023), to discuss our executive compensation and corporate governance programs and practices, and to solicit feedback and ensure that our Board and management have insight into the issues that are most important to our stockholders so that we can better understand our stockholders’ perspectives. While not all stockholders have accepted our invitation to engage as of November 2, 2023, we have held these calls with all invited stockholders who indicated an interest in participating in our annual stockholder outreach program. Our calls with stockholders were initiated by our Chief Administrative Officer and General Counsel and our Vice President of Investor Relations, and included the Chairs of our Compensation Committee and NCG Committee.

During these discussions, and among many viewpoints shared, our stockholders expressed certain concerns as set forth in the following table. In connection with the Compensation Committee’s regular annual review process, our Board, the Compensation Committee, and the NCG Committee determined to take certain actions to address these concerns of our stockholders. The actions specifically taken by our Board, the Compensation Committee, and the NCG Committee included the following:

What We Heard During Our 2023 Outreach	What We Did in Response
Closer alignment between the Company's performance and certain equity awards granted to the management team	For fiscal year 2024, the Compensation Committee has approved changes to our Performance-Vesting RSUs program. The changes involve shifting to a three-year average performance measurement approach based on annual measurements of ARR and non-GAAP operating income which includes stock-based compensation expense. The annual FY24 performance-based RSUs will cliff vest at the end of the three-year performance period. The Compensation Committee has implemented an additional additive performance-based RSU modifier for our CEO and CRO which is based on the achievement of two conditions (i) at or above target performance for the FY24 performance-based RSUs, and (ii) significant stock-price milestones. The modifier increases the upside leverage of the annual performance-based RSU program to 250%. We believe that these changes will promote longer-term retention for our management team and incentivize long-term value creation for the Company.
Stockholder dilution due to the Company's practice of granting equity awards	On September 22, 2022, our Board approved a share repurchase program pursuant to which we may purchase up to $400 million of our outstanding shares of common stock. During the twelve months ended July 31, 2023, we repurchased a total of 4,041,284 shares at an average price of $64.78 per share. As of July 31, 2023, $138.2 million remained available for future share repurchases. In addition, beginning in fiscal year 2023, we implemented an equity choice program (entitled the MyChoice LTI Plan), whereby employees in professional or managerial roles (excluding senior executives such as our NEOs) who started prior to May 1, 2022 can choose to receive their annual refresh award entirely in the form of cash, entirely in form of RSUs, or in a mix of both (i.e., 50% in the form of RSUs and 50% in the form of cash). Whether an employee chooses RSUs, cash, or a mix of both, the award will generally vest quarterly over four years, subject to continued employment through each applicable vesting date. In order to receive RSUs, awards must be greater than $10,000. As a consequence, for employees choosing a 50% RSU/50% cash split, the relevant award must have a value of $20,000 or greater. For fiscal years 2023 and 2024, cash elections under the MyChoice LTI Plan effectively reduced dilution by approximately 430,000 shares of our common stock.
Continue ESG and DEIB efforts	We continue to reinforce our commitment to ESG and DEIB matters in part by including certain ESG metrics as performance goals in our Bonus Plan in both fiscal year 2022 and 2023. In addition, we have engaged in various ESG and DEIB initiatives and have tasked certain Board committees to oversee such areas, as described above in this proxy statement under "Corporate Sustainability and Environmental, Social and Governance Matters." We have also published our second annual ESG report, which is not incorporated herein by reference. We expect to continue our disclosure on ESG and DEIB efforts on an ongoing basis in response to supportive stockholder feedback.

As our stockholders' views and market practices on executive compensation evolve, the Compensation Committee will continue to evaluate and, when needed, make changes to our executive compensation program, ensuring that the program continues to reflect our pay-for-performance compensation philosophy and objectives.

Furthermore, since we value the opinions of our stockholders, our Board and the Compensation Committee will continue to consider the feedback received throughout the year, including when making compensation decisions for our executive officers in the future.

Executive Compensation Program Elements

The following describes each element of our executive compensation program, the rationale for each and how compensation amounts and awards are determined.

Base Salary

We provide our executive officers, including the NEOs, with base salaries to compensate them for their day-to-day responsibilities. Generally, the initial base salaries of our executive officers are established through arm's-length negotiation at the time the individual executive officer is hired, taking into account his or her qualifications, experience, and comparable market data.

Thereafter, the Compensation Committee reviews and recommends adjustments, as necessary or appropriate, to the base salaries of our executive officers on an annual basis. In doing so, the Compensation Committee exercises its judgment and discretion and considers several factors, including our overall financial and operational results for the prior fiscal year, the performance of the individual executive officer, the executive officer's potential to contribute to our long-term strategic goals, her or his role and scope of responsibilities within our Company, her or his individual experience and skills, the executive officer's compensation as compared to similarly situated executives at comparable companies in our peer group, and the input of our CEO. No specific formula is applied to determine the weight of each criterion.

In September 2022, the Compensation Committee reviewed the base salaries of certain of our executive officers and management team, including the NEOs, and determined not to adjust the base salaries for our NEOs in view of our performance during fiscal year 2022. Further, the Compensation Committee took into account our peer group's base salaries for similarly situated executives as an additional factor in determining base salaries for our NEOs. Accordingly, the Compensation Committee approved the annual base salaries for fiscal year 2023 as follows:

Named Executive Officer	Fiscal Year 2022 Base Salary ($)	Fiscal Year 2023 Base Salary* ($)	Increase (%)
Mike Rosenbaum	750,000	750,000	—
Jeff Cooper	400,000	400,000	—
Priscilla Hung	425,000	425,000	—
John Mullen	500,000	500,000	—
Winston King	390,000	390,000	—

* All fiscal year 2023 base salaries first became effective on November 1, 2022.

Senior Executive Incentive Bonus Plan

Our Senior Executive Incentive Bonus Plan (the "Bonus Plan") applies to certain key executives, including all the NEOs, as selected by the Compensation Committee. The Bonus Plan provides for bonus payments based upon the attainment of performance targets established by the Compensation Committee related to financial and operational metrics with respect to the Company and its subsidiaries (the "Performance Goals").

Any bonuses paid under the Bonus Plan are based upon objectively determinable bonus formulas that tie such bonuses to one or more performance targets relating to the Performance Goals. The bonus formulas are adopted in each annual performance period by the Compensation Committee and communicated to each executive officer. No bonuses shall be paid under the Bonus Plan unless and until the Compensation Committee makes a determination with respect to the attainment of the performance objectives. Notwithstanding the foregoing, we can adjust or pay bonuses under the Bonus Plan based on achievement of individual performance goals or pay bonuses (including, without limitation, discretionary bonuses) to executive officers under the Bonus Plan based upon such other terms and conditions as the Compensation Committee may in its discretion determine.

Each executive officer participating in the Bonus Plan has a targeted bonus opportunity set for each performance period. The Performance Goals will be measured at the end of each performance period after our financial reports have been published or such other appropriate time as the Compensation Committee determines. If the Performance Goals are met, payments will be made as soon as practicable following the end of each performance period. Subject to the rights contained in any agreement between the executive officer and the Company, an executive officer must be employed by the Company on the bonus payment date in order to be eligible to receive a bonus payment.

Target Bonus Opportunities

In September 2022, the Compensation Committee reviewed the target bonus opportunities of our executive officers and management team, including the applicable NEOs, and adjusted target bonus opportunities for each of our NEOs in view of their performance during fiscal year 2022 and considered several factors, including our peer group's short-term incentive bonus target opportunity for similarly situated executives, our Company's overall financial and operational results for the prior fiscal year, the performance of the individual executive officer, the executive officer's potential to contribute to our long-term strategic goals, his or her role and scope of responsibilities within our Company, his or her individual experience and skills, the Compensation Committee's sense of competitive market practices for annual bonuses and the recommendations of our CEO (for NEOs other than himself).

As a result, our Compensation Committee did not change the target bonus opportunities for our NEOs for fiscal year 2023.

Named Executive Officer	Fiscal Year 2022 Target Bonus Opportunity (% of Base Salary)	Fiscal Year 2023 Target Bonus Opportunity (% of Base Salary)
Mike Rosenbaum	100	100
Jeff Cooper	75	75
Priscilla Hung	75	75
John Mullen	100	100
Winston King	75	75

For our NEOs, 100% of such executive officer's fiscal year 2023 bonus was based on our Company's performance during fiscal year 2023 as measured against the corporate financial and operational metrics described below (the "Company Performance Factor"). The Compensation Committee determined this allocation to be appropriate because it linked each executive officer's potential bonus opportunity to corporate performance, thereby motivating him or her to focus his or her efforts on successfully executing our annual operating plan. The formula for the bonus calculation was as follows:

Target Cash Bonus Opportunity X Company Performance Factor

<u>Company Performance Factor</u>

In fiscal year 2023, the bonuses of our executive officers, including the NEOs, who participated in our Bonus Plan were based on the performance of our Company during fiscal year 2023 as measured against the following pre-established corporate financial and operational metrics, which the Board deemed to be critical to enhancing stockholder value:

- Annual Recurring Revenue (ARR) on a constant currency basis (the goal of this metric is to maximize annual recurring revenue);
- Adjusted Non-GAAP Operating Profit (the goal of this metric is to achieve or exceed our profitability targets); and
- Net Promoter Score (NPS)/Environmental, Social and Governance (ESG) Performance (the goal of this metric is to enhance efforts to achieve NPS and ESG goals).

The Adjusted Non-GAAP Operating Profit metric is a non-GAAP financial measure. Specifically, the Adjusted Non-GAAP Operating Profit is derived from GAAP income (loss) from operations and excludes stock-based compensation expense, amortization of acquired intangibles, acquisition consideration holdback, net impact of assignment of lease agreement, and corporate bonus accrual exceeding 100%. See Appendix A to this proxy statement for further details regarding the Adjusted Non-GAAP Operating Profit metric and the reconciliation of the metric to GAAP income (loss) from operations as reported for purposes of GAAP from the Company's audited financial statements.

For fiscal year 2023, we used the Adjusted Non-GAAP Operating Profit metric as one of our corporate goals for the Bonus Plan instead of Adjusted Non-GAAP Expenses due to the determination of the Compensation Committee that the Adjusted Non-GAAP Operating Profit metric was more appropriate for measuring profitability and aligning executive officer compensation with the Company's performance.

The threshold, target, and maximum performance goals for each of these metrics were as follows in fiscal year 2023:

Metric[(1)]	Weighting	Payout % Range (Threshold/Maximum)	Threshold	Target (100%)	Maximum	Actual Performance
ARR[(2)]	70%	50% / 150%	$722M	$760M	$798M	$761M
Adjusted Non-GAAP Operating Profit	25%	0% / 200%	($39M)	($19M) - ($9)	$1	$19M
NPS/ESG Performance[(3)]	5%	50% / 150%	—%	5%	10%	4%

(1) Achievement (other than for NPS/ESG performance) was calculated on a straight-line basis from (i) the threshold to the target and (ii) from the target to the maximum. Achievement at the target was credited at 100%. Achievement below threshold at either 50% (in the case of ARR and NPS/ESG Performance) or 0% (in the case of Adjusted Non-GAAP Operating Profit) results in 0% payout for the relevant metric under assessment. Further, payout is capped at 150% (in the case of ARR and NPS/ESG Performance) or 200% (in the case of Adjusted Non-GAAP Operating Profit); however, payout above 150% (in the case of ARR and NPS/ESG Performance) or 200% (in the case of Adjusted Non-GAAP Operating Profit) is at the discretion of our Board.

(2) ARR is calculated on a constant currency basis per exchange rates at July 31, 2022.

(3) The payout range for the threshold and maximum was 0% – 10%, with target at 5%.

These metrics were determined in the first quarter of fiscal year 2023.

Fiscal Year 2023 Bonus Decisions

After the conclusion of fiscal year 2023, the Compensation Committee evaluated our financial and operational performance for the fiscal year and determined that a Company Performance Factor of 126% was appropriate. Based on this determination, the Compensation Committee approved cash bonuses for the applicable NEOs as follows:

Named Executive Officer	Fiscal Year 2023 Target Bonus Opportunity (% of Base Salary)	Company Performance Factor (%)	Cash Bonus ($)
Mike Rosenbaum	100	126%	943,500
Jeff Cooper	75	126%	377,400
Priscilla Hung	75	126%	400,988
John Mullen	100	126%	629,000
Winston King	75	126%	367,965

These bonuses to the NEOs for fiscal year 2023 were paid in fiscal year 2024, in accordance with normal Company practice.

Equity Compensation

We use equity awards to incentivize and reward our executive officers, including the NEOs, for long-term corporate performance based on the value of our common stock and, thereby, to align their interests with those of our stockholders.

Since fiscal year 2021, in consultation with Aon, we provide for only Performance-Vesting RSUs and Time-Vesting RSUs, with Performance-Vesting RSUs focusing mainly on ARR, as we determined that ARR was a key metric for the Company to align and drive performance in light of our cloud transition. We believed that for fiscal year 2023, Performance-Vesting RSUs and Time-Vesting RSUs provided a strong retention incentive for our executive officers, provided a moderate reward for growth in the market price of our common stock, and were less dilutive than stock options to our stockholders. Our equity award vehicles provide a strong incentive for our executive officers to remain employed with the Company as they require continued employment through the vesting period.

Time-Vesting RSUs

Time-Vesting RSUs generally vest quarterly over four years (except that for new hires, 25% of their Time-Vesting RSUs cliff vest on the first anniversary of the vesting commencement date, with the remaining portion vesting in equal quarterly installments over the three years thereafter), subject to an equity award holder's continued employment through each applicable vesting date.

Performance-Vesting RSUs

50% of the Performance-Vesting RSUs vest based on the satisfaction of both a three-year time condition and a one-year performance condition (the "First Tranche Performance-Vesting RSUs"). Assuming the applicable performance conditions are met, the First Tranche Performance-Vesting RSUs vest over three years with 33 1/3% of the earned amount cliff vesting on the first anniversary of the vesting commencement date, with the remaining portion vesting in equal annual installments over the two years thereafter. For the First Tranche Performance-Vesting RSUs, the performance condition for fiscal year 2023 (the “FY 23 Performance Condition”) was tied to the achievement of fiscal year 2023 ARR, measured on a constant currency basis using July 31, 2022 exchange rates. For the ARR target: (i) at the threshold ARR amount, the number of First Tranche Performance-Vesting RSUs eligible to vest would equal the target number of First Tranche Performance-Vesting RSUs (i.e., 50% of the target number of Performance-Vesting RSUs) multiplied by 50%; (ii) at the target ARR amount, the number of First Tranche Performance-Vesting RSUs eligible to vest would equal the target number of First Tranche Performance-Vesting RSUs multiplied by 100%; and (iii) at or above the maximum ARR amount, the number of First Tranche Performance-Vesting RSUs eligible to vest would equal the target number of First Tranche Performance-Vesting RSUs multiplied by 150%. If the ARR threshold is not attained, then none of the First Tranche Performance-Vesting RSUs would be eligible to vest. In addition, if our ARR amount exceeds the maximum ARR amount, then the number of First Tranche Performance-Vesting RSUs earned would still be capped at 150% of target. For fiscal year 2023, the Company was determined to have achieved an ARR amount in excess of the target amount, which resulted in 101.8% of the target number of First Tranche Performance-Vesting RSUs vesting in relation to FY 23 Performance Condition achievement. 33 1/3% of these earned First Tranche Performance-Vesting RSUs vested on the first anniversary of the vesting commencement date and the remainder will time-vest in equal annual installments over the next two years subject to the holder’s continued employment with us. The applicable goals for the FY 23 Performance Condition for the First Tranche Performance-Vesting RSUs were:

	Threshold (50%) ($)	Target (100%) ($)	Maximum (150%) ($)	Actual Performance ($)
ARR*	**$722M**	**$760M**	**$798M**	**$761M**

* ARR is calculated on a constant currency basis per exchange rates at July 31, 2022.

The remaining 50% of the Performance-Vesting RSUs vest based on the satisfaction of both a three-year time condition and a three-year performance condition (the “Second Tranche Performance-Vesting RSUs”). Assuming the applicable performance conditions are met, the Second Tranche Performance-Vesting RSUs will cliff vest at such time, subject to the holder’s continued employment with us. For the Second Tranche Performance-Vesting RSUs, the performance condition (the “FY 25 Performance Condition”) was tied to the achievement of FY 25 ARR, measured on a constant currency basis using July 31, 2022 exchange rates. For the ARR target: (i) at the threshold ARR amount, the number of Second Tranche Performance-Vesting RSUs eligible to vest would equal the target number of Second Tranche Performance-Vesting RSUs (i.e., 50% of the target number of Performance-Vesting RSUs) multiplied by 50%; (ii) at the target ARR amount, the number of Second Tranche Performance-Vesting RSUs eligible to vest would equal the target number of Second Tranche Performance-Vesting RSUs multiplied by 100%; and (iii) at or above the maximum ARR amount, the number of Second Tranche Performance-Vesting RSUs eligible to vest would equal the target number of Second Tranche Performance-Vesting RSUs multiplied by 150%. If the ARR threshold is not attained, then none of the Second Tranche Performance-Vesting RSUs would vest. In addition, if our ARR amount exceeds the applicable maximum ARR amount, then the number of Second Tranche Performance-Vesting RSUs that could vest would still be capped at 150% of target. The applicable goals for the FY 25 Performance Condition for the Second Tranche Performance-Vesting RSUs are:

	Threshold (50%) ($)	Target (100%) ($)	Maximum (150%) ($)	Actual Performance ($)
ARR	**$900M**	**$1,000M**	**$1,100M**	*****

* TBD, measured at July 31, 2025, our fiscal year 2025 fiscal year end, on a constant currency basis per exchange rates at July 31, 2022. The Compensation Committee may in its discretion adjust ARR targets for any inorganic ARR growth or loss due to mergers, acquisitions, or divestitures.

In fiscal year 2021, we made a similar grant of Performance-Vesting RSUs as in fiscal year 2023 ("FY 21 Performance-Vesting RSUs”). 50% of the FY 21 Performance-Vesting RSUs vest based on the satisfaction of both a three-year time condition and a three-year performance condition (the “Second Tranche FY 21 Performance-Vesting RSUs”). Assuming the applicable performance conditions are met, the Second Tranche FY 21 Performance-Vesting RSUs will vest at such time, subject to the holder's continued employment with us. For the Second Tranche FY 21 Performance-Vesting RSUs, the performance condition was tied to the achievement of fiscal year 2023 ARR, measured on a constant currency basis using July 31, 2020 exchange rates. The three-year performance period for the Second Tranche FY 21 Performance-Vesting RSUs ended on July 31, 2023. The fiscal year 2023 ARR was achieved at $763 million and based on the applicable performance conditions below, the Second Tranche FY 21 Performance-Vesting RSUs were paid out at 106.3% of target.

	Threshold (50%) ($)	Target (100%) ($)	Maximum (150%) ($)	Actual Performance ($)
ARR*	**$650M**	**$750M**	**$850M**	**$763M**

* ARR is calculated on a constant currency basis per exchange rates at July 31, 2020 excluding ARR from our HazardHub acquisition.

Fiscal Year 2023 Equity Grants

Typically, the size and form of the initial equity awards for our executive officers have been established through arm's-length negotiation at the time the individual executive officer was hired. In formulating these awards our Compensation Committee has considered, among other things, the prospective role and responsibility of the executive officer, the amount of equity-based compensation held by the executive officer at his or her former employer, the cash compensation received by the executive officer, the Compensation Committee's sense of the competitive market for similar positions (based in part on information supplied by the Compensation Committee's independent compensation consultant), and the need to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value.

Additionally, the Compensation Committee has reviewed the equity holdings of our executive officers annually and granted equity awards in the form of Performance-Vesting RSUs and/or Time-Vesting RSUs to our executive officers to ensure that their overall equity position was consistent with our compensation objectives.

For fiscal year 2023, the Compensation Committee did not apply a rigid formula in determining the size of the annual equity awards for the NEOs; however, in making its determination, the Compensation Committee took into account the 50th percentile of our peer group's annual equity awards to similarly situated executives. In addition, the annual equity awards were split evenly between (i) Performance-Vesting RSUs (50%) and (ii) Time-Vesting RSUs (50%). The Compensation Committee did not strictly benchmark against our peer group, but used its discretion as appropriate, when determining the size of equity awards. In conducting this review and making award determinations in fiscal year 2023, the Compensation Committee also exercised its judgment and discretion and considered several factors, including our overall financial and operational results for the prior fiscal year, the performance of the individual executive officer, the executive officer's potential to contribute to our long-term strategic goals, his or her role and scope of responsibilities within the Company, his or her individual experience and skills, the Compensation Committee's sense of competitive market practices for equity compensation (supported in part by information supplied by the Compensation Committee's independent compensation consultant), and, as applicable, the recommendations of our CEO. Based on these factors, in September 2022, the Compensation Committee approved the Performance-Vesting RSUs and Time-Vesting RSUs to our NEOs as shown in the table below.

Named Executive Officer	Number of Time-Vesting RSUs	Target Number of Performance-Vesting RSUs	Grant Date Fair Value of RSUs ($)
Mike Rosenbaum	59,568	59,568	7,851,062
Jeff Cooper	27,534	27,534	3,628,981
Priscilla Hung	27,534	27,534	3,628,981
John Mullen	24,092	24,092	3,175,326
Winston King	13,767	13,767	1,814,491

Compensation Mix

In determining the amount of base salary, cash bonuses and equity compensation awarded to each NEO, the Compensation Committee does not apply any rigorous percentage of any one element in relation to the overall compensation package. Rather, the Compensation Committee looks at the overall compensation package and the relative amount of each element on an individual basis for each NEO to determine whether such amounts and mix of components further the basic principles and objectives of our overall compensation program.

Welfare and Other Benefits

We have established a tax-qualified Section 401(k) retirement plan for all employees, including NEOs, who satisfy certain eligibility requirements, including requirements relating to age and length of service. Under this plan, employees may elect to defer their current compensation by up to the statutory limit and contribute to the plan. We provide a match for pre-tax contributions equal to fifty cents for every dollar contributed for the first 8% of cash compensation, up to a maximum of $5,000 per participant. We intend for the plan to qualify under Section 401(a) of the Code so that contributions by employees to the plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the plan.

In addition, we provide other employee welfare and benefit programs to our executive officers, including the NEOs, on the same basis as all of our full-time employees in the country in which they are resident. These benefits include medical, dental, and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance and basic life insurance coverage, as well as certain wellness benefits.

We design our employee welfare and benefit programs to be affordable and competitive in relation to the market, as well as compliant with applicable laws and practices. We adjust our employee welfare and benefit programs as needed based upon regular monitoring of applicable laws and practices and the competitive market.

We do not provide perquisites to our executive officers, except in limited situations where we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment and retention purposes. We do not provide any tax gross-ups for perquisites.

In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual executive officer in the performance of his or her duties, to make our executive officers more efficient and effective, and for recruitment, motivation, or retention purposes. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by the Compensation Committee.

Pension Benefits

We do not offer any defined benefit pension plans for our employees.

Non-qualified Deferred Compensation

We do not offer any non-qualified deferred compensation arrangements for our employees.

Executive Agreements and Termination of Employment Arrangements

We entered into an amended and restated executive agreement with each of Ms. Hung, Mr. Cooper and Mr. King in January 2020, an agreement with Mr. Rosenbaum in August 2019 which was amended in November 2020, and an agreement with Mr. Mullen in February 2022 (collectively, the "Executive Agreements"). The terms of the Executive Agreements are substantially similar. These Executive Agreements provide for at-will employment. In addition, each agreement sets forth the terms and conditions of employment of each of the NEOs, including initial position, initial base salary, initial target annual bonus opportunity and standard employee benefit plan participation.

These Executive Agreements also contain provisions that provide for certain payments and benefits in the event of a termination of employment, including an involuntary termination of employment within two months before or 12 months following a change in control of the Company.

For a summary of the material terms and conditions of the post-employment compensation terms applicable to our NEOs, see the section titled “Post-Employment Compensation” below.

Our philosophy is that outside of a change in control context, severance protections are only appropriate in the event an executive officer is involuntarily terminated by us without cause, and such protections are only provided upon the executive officer's execution of an effective release of claims. In addition, we believe that the occurrence or potential occurrence of a change in control transaction will create uncertainty regarding the continued employment of our executive officers. This uncertainty arises from the fact that many change in control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage executive officers to remain employed with us during an important time when their prospects for continued employment following the transaction are often uncertain, we provide our executive officers with additional severance protections during a change in control protection period, as mentioned above. We also provide severance protections in connection with a change in control, subject to each executive officer's execution of an effective release of claims against us, to help ensure that executive officers can objectively evaluate change in control transactions that may be in the best interest of our stockholders, despite the potential negative consequences such transactions may have on them personally.

Further, we provide severance protections if an executive officer voluntarily terminates employment with us for good reason in connection with a change in control, subject to the executive officer's execution of an effective release of claims against us, because we believe that a voluntary termination for good reason is essentially equivalent to an involuntary termination by us without cause in those circumstances. We believe that the severance benefits provided to our executive officers under their Executive Agreements are appropriate in light of the severance protections available to similarly-situated executive officers at companies in our peer group and are an important component of each executive officer’s overall compensation as they help us to attract and retain our key executives who could have other job alternatives that may appear to them to be more attractive absent these protections.

Other Compensation Policies

Stock Ownership Guidelines

We have adopted stock ownership guidelines that are applicable to senior executives, including our NEOs. Effective as of March 2021, we amended our stock ownership guidelines to require the CEO and each of the non-CEO executive officers who are subject to reporting obligations pursuant to Section 16 of the Securities Exchange Act of 1934, as amended, to own shares of our common stock equal to at least four times and 1.5 times, respectively, his or her annual base salary, by the first July 31st that occurs following the three-year anniversary of his or her date of hire or promotion or, if later, by July 31, 2023. Only shares of our common stock that are owned or held in the following forms will be considered in determining whether each officer has met the stock ownership requirement: (i) shares owned directly by the officer; (ii) shares “beneficially owned” by the officer that are held in a grantor trust (or similar instrument) for the benefit of the officer and/or his or her immediate family members, but only to the extent that the officer has the power to vote and dispose of such shares; and/or (iii) shares representing the aggregate net value of vested and unexercised in-the-money options. Shares of our common stock underlying unvested options, unvested RSUs, unvested performance-based RSUs and other unvested equity awards will not be considered when determining whether an officer has met the stock ownership requirement. As of July 31, 2023, all our NEOs who have been employed for three or more years have satisfied the ownership requirements.

Compensation Recovery Policy

In September 2019, we adopted a clawback policy, which was subsequently amended in December 2019 (the “Clawback Policy”), and superseded in September 2023 (as described below). The Clawback Policy provides that if our financial statements are materially restated, whether in part or in their entirety, due to misconduct by one or more covered individuals (i.e., (i) any Section 16 officers and (ii) certain of our C-level employees, senior vice presidents, and sales leadership as designated by the Clawback Policy or agreed upon by our CEO, CFO, and General Counsel), then our Board or Compensation Committee shall have the discretion to recoup a portion of any performance-based compensation that has been paid or distributed to a covered individual during the clawback period (i.e., the three-year period preceding the publication of the restated financials), to the extent such compensation paid or distributed was in excess of what would have been paid under the restated financials. Our Board or the Compensation Committee, in its sole discretion, may also reduce the amount of future compensation, including, without limitation, any bonus or severance, or the future grant or vesting of any equity award, payable to any covered individual by an amount equal to such excess proceeds from performance-based compensation received by the covered individual during the clawback period. Additionally, for any covered individual who is terminated for “cause” (as defined in the Clawback Policy), if our Board determines based on relevant facts and circumstances that the conduct resulting in such for cause termination has caused material, demonstrable reputational harm to the Company, then the Company may require the covered individual to repay a portion of any performance-based compensation that has been paid or distributed to a covered individual during the “for cause clawback period" (i.e., the period from when the first act by the covered individual underlying for cause termination occurred, until such time the covered individual was terminated for cause by the Company). The policy is applicable to all cash and equity-based compensation predicated on the achievement of financial performance goals or financial metrics (excluding any such compensation based on TSR or similar stock price-based metrics).

In September 2023, the Board approved two new clawback policies, each effective October 2, 2023. The Compensation Recovery Policy (the "Required Clawback Policy”) complies with the SEC’s newly adopted clawback rules as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd Frank Act”), and provides that in the event we are required to prepare a “financial restatement” (as defined in the Required Clawback Policy), we shall, subject to certain limited exceptions as described in the Required Clawback Policy, recover certain incentive based compensation from “covered persons” (i.e., “executive officers”, defined to include (i) the president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice president in charge of a principal business unit, division or function, or any officer or person who performs a policy making functions and (ii) who served during the performance period applicable to “incentive based compensation” and received “incentive based compensation” after beginning service in any such role). Compensation that shall be recovered under the Required Clawback Policy generally includes “incentive based compensation” received during the three-year period prior to the “restatement date” (as defined in the Required Clawback Policy) that exceeds the amount that otherwise would have been received by the “covered person” had such compensation been determined based on the restated amounts in the financial restatement. Under the Required Clawback Policy, “incentive based compensation” includes any cash or equity compensation that is granted, earned, or vested based, in whole or in part, upon the attainment of a financial reporting measure.

The Supplemental Compensation Recovery Policy (the “Supplemental Clawback Policy”) amends and restates the Clawback Policy and provides for the discretionary recovery of “incentive based compensation” from certain “covered persons” (i.e., (i) “executive officers” and (ii) certain of our C-level employees, senior vice presidents, and sales leadership as designated by the Supplemental Clawback Policy (“senior officers”)) in addition to any recovery required under the Required Clawback Policy. Under the Supplemental Clawback Policy, “incentive based compensation” includes, similar to the Required Clawback Policy, any cash or equity compensation that is granted, earned, or vested based, in whole or in part, upon the attainment of a financial reporting measure and also includes other equity-based compensation such as stock options, restricted stock awards, restricted stock units, and stock appreciation rights. Additionally, for any “covered person” who is terminated for “cause” (as defined in the Supplemental Clawback Policy) or who resigns, but is later determined that he or she could have been terminated for cause, if our Board determines based on relevant facts and circumstances that the conduct resulting in such for cause termination (or conduct which could have resulted in such for cause termination) has caused material, demonstrable reputational harm to the Company, then the Board may require such “covered person” to repay a portion of any “incentive-based compensation” received by such “covered person” during the “for cause clawback period" (i.e., the period from when the first act by the covered individual underlying for cause termination occurred, until such time the covered individual was terminated for cause by the Company or until such time the “covered person” resigned from the Company, as applicable).

Under both the Required Clawback Policy and the Supplemental Clawback Policy, “incentive based compensation” received by a “covered person” prior October 2, 2023 is subject to the Clawback Policy and “incentive based compensation” received by a “covered person” on or after October 2, 2023 is subject to the Required Clawback Policy and/or the Supplemental Clawback Policy, as applicable.

In addition, our 2011 Stock Plan provides that if we are required to prepare an accounting restatement due to our material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, then any equity award holder who is an individual subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 must reimburse us for the amount of any equity award received by such individual under such plans during the 12-month period following the first public issuance or filing with the SEC, as the case may be, of the financial document embodying such financial reporting requirement. Furthermore, our Stock Plan provides that all awards thereunder will be subject to the Company’s clawback policy in effect, from time to time.

Derivatives Trading and Hedging Policy

Our NEOs, employees, and directors are subject to our insider trading policy. Under this policy all of our executive officers, employees and directors are prohibited from engaging in transactions in publicly-traded options and other derivative securities with respect to our securities, including any hedging or similar transactions.

Anti-Pledging Policy

Under our insider trading policy, all of our executive officers, employees, and directors are prohibited from pledging our securities as collateral for loans.

Equity Award Grant Policy

In March 2021, we adopted an Equity Award Grant Policy that sets forth the process and timing for us to follow when we grant equity awards for shares of our common stock to our employees, including our executive officers, pursuant to any of our equity compensation plans. The policy was amended and restated in September 2023. Pursuant to the policy (as amended and restated), all grants of equity awards must be approved in advance by our Board, the Compensation Committee or, subject to the delegation requirements in the policy, the Equity Grant Committee. The Equity Grant Committee is currently comprised of our CEO, CFO, and General Counsel. The equity award granting authority delegated to the Equity Grant Committee applies to non-executive employees and covers awards of RSUs within specific ranges set forth in the policy, which will be updated annually by the Compensation Committee.

The Equity Award Grant Policy sets forth that equity awards are generally granted on the following regularly scheduled basis:

- Equity awards granted in connection with the hiring of a new employee or the promotion of an existing employee will be on a quarterly basis and be effective on the date on which such award is approved by the Board, the Compensation Committee or the Equity Grant Committee.

- Equity awards granted to existing employees (other than in connection with a promotion) will generally be granted, if at all, on an annual basis effective on the date on which such award is approved by the Board, the Compensation Committee or the Equity Grant Committee.

Our Board and the Compensation Committee retain the discretion to grant equity awards at other times to the extent appropriate in light of the circumstances of such awards.

In addition, the policy sets forth the manner in which our equity awards will be priced. If an award of restricted stock or restricted stock units is denominated in dollars, the number of shares subject to the award will be determined by dividing the dollar value by the average closing market price on the NYSE of a share of our common stock over the ten trading days ending two trading days immediately preceding the effective date of grant, with such total number of shares rounded up to the nearest whole share. The exercise price of all stock options will be at equal to the closing market price on the NYSE of a share of our common stock on the effective date of grant. If the amount of a stock option award is to be determined by reference to a fair value calculated under Financial Accounting Standards Board Accounting Standard Codification Topic 718, Stock Compensation, or FASB ASC Topic 718, then the number of shares to be subject to such stock option will be determined based on such fair value, and the exercise price determined in accordance with the preceding sentence and the approved valuation assumptions, subject to any other limits on the number of shares that may be subject to such stock option.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Section 162(m) of the Code generally disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of $1 million paid to certain specified executive officers, including a public corporation's chief executive officer, chief financial officer and each of the three other most highly compensated executive officers whose compensation is required to be disclosed to stockholders under the Exchange Act.

Pursuant to the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017 (the "Tax Act"), for years beginning after December 31, 2017, all remuneration in excess of $1 million paid to a specified executive is not deductible. In addition, under the Tax Act, once an executive becomes a "covered employee" under Section 162(m) of the Code, the individual will continue to be a "covered employee" as long as he or she remains employed by the company.

In approving the amount and form of compensation for our executive officers, the Compensation Committee is mindful of the benefit of receiving full deductibility of compensation; however, our Compensation Committee believes that we should not be constrained by the requirements of Section 162(m) of the Code, where such requirements would impair our flexibility in compensating our executive officers in a manner that can best promote our corporate objectives and attract and retain executive talent. Our Compensation Committee monitors the application of Section 162(m) of the Code, as well as developments under Section 162(m) of the Code, and balances the benefits of potentially paying compensation that is deductible under Section 162(m) with our need to have the flexibility to maintain compensation plans that are designed to promote our objectives.

Taxation of "Parachute" Payments

Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to significant additional taxes if they receive payments or benefits in connection with a change in control of the company that exceeds certain prescribed limits, and that the company (or a successor) may forfeit a deduction on the amounts subject to this additional tax. We have not agreed to provide any executive officer, including any NEO, with a "gross-up" or other reimbursement payment for any tax liability that the executive officer might owe as a result of the application of Sections 280G or 4999 of the Code.

Accounting for Stock-Based Compensation

We follow FASB ASC Topic 718 for our stock-based compensation awards. FASB ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, based on the grant date "fair value" of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our executive officers may never realize any value from their awards. FASB ASC Topic 718 also requires companies to recognize the compensation cost of their stock-based compensation awards in their income statements over the period that an executive officer is required to render service in exchange for the option or other stock-based award.

Summary Compensation Table

The following table summarizes the compensation that we paid to, or that was earned by or granted to, each of the NEOs during our fiscal years 2023, 2022, and 2021.

Name and Principal Position	Year	Base Salary ($)	Bonus ($)	Stock Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(2)	Total ($)
Mike Rosenbaum Chief Executive Officer	2023	750,000	—	7,851,062	943,500	5,930	9,550,492
	2022	750,000	—	8,474,034	855,000	5,944	10,084,978
	2021	750,000	—	6,627,872	851,250	5,712	8,234,834
Jeff Cooper Chief Financial Officer	2023	400,000	—	3,628,981	377,400	5,748	4,412,129
	2022	397,833	—	3,720,580	329,084	5,752	4,453,249
	2021	387,000	—	1,117,600	263,547	5,592	1,773,739
Priscilla Hung President and Chief Operating Officer	2023	425,000	—	3,628,981	400,988	5,793	4,460,762
	2022	421,667	—	4,509,808	360,518	5,792	5,297,785
	2021	405,000	—	3,352,800	344,756	5,611	4,108,167
John Mullen(3) President and Chief Revenue Officer	2023	500,000	—	3,175,326	629,000	5,930	4,310,256
	2022	246,474	750,000	10,150,676	—	5,465	11,152,615
Winston King Chief Administrative Officer, General Counsel, and Secretary	2023	390,000	—	1,814,491	367,965	5,729	2,578,185
	2022	383,333	—	2,254,904	311,065	5,713	2,955,015
	2021	350,000	—	2,011,680	198,625	5,552	2,565,857

(1) The amounts shown reflect the aggregate grant date fair value of RSUs granted, determined in accordance with FASB ASC Topic 718. These amounts do not represent the actual amounts paid to or realized by the NEOs during the fiscal years presented. Pursuant to SEC rules, these amounts exclude the impact of estimated forfeitures related to service-based vesting conditions. See Note 10 of the consolidated financial statements in our 2023 Annual Report, regarding assumptions underlying valuation of equity awards for fiscal years 2023, 2022, and 2021. Details regarding equity awards that are still outstanding can be found in the "Outstanding Equity Awards at Fiscal Year End" table. The aggregate grant fair value of the Performance-Vesting RSUs at the maximum level of achievement for fiscal year 2023 and fiscal year 2025 is as follows for Messrs. Rosenbaum, Cooper, Mullen, and King, and Ms. Hung: $5,888,231; $2,721,670; $2,381,362; $1,360,835; and $2,721,670, respectively.

(2) The amounts reported in the "All Other Compensation" column consist of life insurance premiums and 401(k) matching contributions paid by the Company on behalf of each NEO. Fiscal year 2023 amounts are comprised of $5,000 of 401(k) matching contributions for Messrs. Rosenbaum, Cooper, Mullen, and King, and Ms. Hung, and the following life insurance premiums for Messrs. Rosenbaum, Cooper, Mullen, and King, and Ms. Hung of $930, $748, $793, $930, and $729, respectively.

(3) Mr. Mullen was not a NEO prior to fiscal year 2022. Mr. Mullen commenced employment with us on February 3, 2022.

Grants of Plan-Based Awards

The following table presents information concerning grants of plan-based awards to each of the NEOs during fiscal year 2023.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards				
Name	**Grant Date[2]**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**Grant Date Fair Value of Stock and Option Awards ($)**
Mike Rosenbaum									
Annual Bonus Opportunity		281,250	750,000	1,218,750					
Performance-Vesting RSUs[3]	9/15/2022				14,892	29,783	44,675		1,962,700
Performance-Vesting RSUs[4]	9/15/2022				14,893	29,785	44,678		1,962,832
Time-Vesting RSUs[5]	9/15/2022							59,568	3,925,531
Jeff Cooper									
Annual Bonus Opportunity		112,500	300,000	487,500					
Performance-Vesting RSUs[3]	9/15/2022				6,883	13,766	20,649		907,179
Performance-Vesting RSUs[4]	9/15/2022				6,884	13,768	20,652		907,311
Time-Vesting RSUs[5]	9/15/2022							27,534	1,814,491
Priscilla Hung									
Annual Bonus Opportunity		119,531	318,750	517,969					
Performance-Vesting RSUs[3]	9/15/2022				6,883	13,766	20,649		907,179
Performance-Vesting RSUs[4]	9/15/2022				6,884	13,768	20,652		907,311
Time-Vesting RSUs[5]	9/15/2022							27,534	1,814,491
John Mullen									
Annual Bonus Opportunity		187,500	500,000	812,500					
Performance-Vesting RSUs[3]	9/15/2022				6,023	12,045	18,068		793,766
Performance-Vesting RSUs[4]	9/15/2022				6,024	12,047	18,071		793,897
Time-Vesting RSUs[5]	9/15/2022							24,092	1,587,663
Winston King									
Annual Bonus Opportunity		109,688	292,500	475,313					
Performance-Vesting RSUs[3]	9/15/2022				3,442	6,883	10,325		453,590
Performance-Vesting RSUs[4]	9/15/2022				3,442	6,884	10,326		453,656
Time-Vesting RSUs[5]	9/15/2022							13,767	907,245

(1) The amounts shown represent the threshold, target, and maximum amount of potential cash bonus awards provided for under the Bonus Plan. The target amounts are pre-established as a fixed dollar amount. The maximum amounts represent the greatest payout that could have been made if the pre-established performance level was exceeded. Under the Bonus Plan the maximum amount payable was equal to 150% (at 75% weighting) and 200% (at 25% weighting) of the target

amount; however, payout above is at the discretion of our Board. If the threshold amount was achieved, then 50% (at 75% weighting) and 0% (at 25% weighting) of the target amount was payable and if the target amount was achieved, then 100% of the target amount was payable. If achievement is less than the threshold amount for all the performance criteria, 0% was payable.

(2) Each grant was approved by our Compensation Committee on the grant date indicated.

(3) Represents awards of First Tranche Performance-Vesting RSUs granted under our Stock Plan, as described under "Equity Compensation — Performance-Vesting RSUs" above. In the case of First Tranche Performance-Vesting RSUs, the aggregate grant date fair value is reported for the probable outcome, which for this purpose is estimated as 100% target achievement.

(4) Represents awards of Second Tranche Performance-Vesting RSUs granted under our Stock Plan, as described under "Equity Compensation — Performance Vesting RSUs" above. In the case of Second Tranche Performance-Vesting RSUs, the aggregate grant date fair value is reported for the probable outcome, which for this purpose is estimated as 100% target achievement.

(5) Time-Vesting RSUs granted under our Stock Plan generally vest quarterly over four years, subject to the executive officer's continued employment with the Company through each applicable vesting date.

Outstanding Equity Awards at Fiscal 2023 Year End

The following table provides information regarding outstanding equity awards, including stock options and RSUs, and applicable market values at the end of fiscal year 2023.

		Option Awards				Stock Awards: Time-Based		Stock Awards: Performance-Based	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested[1] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[1] ($)
Mike Rosenbaum	9/6/2019[2]	—	—	—	—	4,606	390,681	—	—
	9/6/2019[3]	—	—	—	—	2,555	216,715	—	—
	9/10/2020[4]	—	—	—	—	9,510	806,638	—	—
	9/10/2020[5]	—	—	—	—	21,465	1,820,661	—	—
	9/15/2021[4]	—	—	—	—	19,822	1,681,302	—	—
	9/15/2021[6]	—	—	—	—	14,330	1,215,471	17,619	1,494,444
	9/15/2022[4]	—	—	—	—	48,399	4,105,203	—	—
	9/15/2022[7]	—	—	—	—	30,320	2,571,742	29,785	2,526,364
Jeff Cooper	9/6/2019[4]	—	—	—	—	142	12,044	—	—
	6/9/2020[4]	—	—	—	—	7,218	612,231	—	—
	9/9/2020[4]	—	—	—	—	1,563	132,574	—	—
	9/9/2020[5]	—	—	—	—	3,528	299,245	—	—
	9/14/2021[4]	—	—	—	—	8,722	739,800	—	—
	9/14/2021[6]	—	—	—	—	6,304	534,705	7,753	657,609
	9/15/2022[4]	—	—	—	—	22,372	1,897,593	—	—
	9/15/2022[7]	—	—	—	—	14,015	1,188,752	13,768	1,167,802
Priscilla Hung	9/6/2019[4]	—	—	—	—	782	66,329	—	—
	9/6/2019[3]	—	—	—	—	342	29,008	—	—
	9/9/2020[4]	—	—	—	—	4,688	397,636	—	—
	9/9/2020[5]	—	—	—	—	10,581	897,480	—	—
	9/14/2021[4]	—	—	—	—	10,572	896,717	—	—
	9/14/2021[6]	—	—	—	—	7,643	648,279	9,397	797,054
	9/15/2022[4]	—	—	—	—	22,372	1,897,593	—	—
	9/15/2022[7]	—	—	—	—	14,015	1,188,752	13,768	1,167,802
John Mullen	3/15/2022[8]	—	—	—	—	82,150	6,967,963	—	—
	9/15/2022[4]	—	—	—	—	19,575	1,660,352	—	—
	9/15/2022[7]	—	—	—	—	12,261	1,039,978	12,047	1,021,827

		Option Awards				Stock Awards: Time-Based		Stock Awards: Performance-Based	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested(1) ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(1) ($)
Winston King	9/13/2013(9)	42	—	46.77	9/13/2023	—	—	—	—
	9/4/2014(9)	105	—	45.27	9/4/2024	—	—	—	—
	9/6/2019(4)	—	—	—	—	438	37,151	—	—
	9/6/2019(3)	—	—	—	—	191	16,201	—	—
	9/9/2020(4)	—	—	—	—	2,813	238,599	—	—
	9/9/2020(5)	—	—	—	—	6,349	538,522	—	—
	9/14/2021(4)	—	—	—	—	5,286	448,359	—	—
	9/14/2021(6)	—	—	—	—	3,822	324,182	4,699	398,569
	9/15/2022(4)	—	—	—	—	11,186	948,797	—	—
	9/15/2022(7)	—	—	—	—	7,006	594,249	6,884	583,901

(1) The amounts shown are based on a price of $84.82 per share, which was the closing price of our common stock as reported on the NYSE on July 31, 2023.

(2) Time-Vesting RSUs vest over four years (25% cliff vest on the first anniversary of September 15, 2019, then in equal quarterly installments thereafter).

(3) Performance-Vesting RSUs vest over four years (25% after 1 year, then in equal quarterly installments thereafter), commencing on September 15, 2019, assuming attainment of pre-defined financial results for fiscal year 2020, which were attained at 73%.

(4) Time-Vesting RSUs vest in equal quarterly installments over four years, commencing on the grant date.

(5) Performance-Vesting RSUs vest over three years (33% of 50% of the shares vest after 1 year, then in equal annual installments over 2 years), commencing on September 15, 2020, assuming attainment of predefined financial results for fiscal year 2021, which were attained at 104.3%. The remaining 50% of the shares will vest in year 3 assuming attainment of predefined financial results for fiscal year 2023, which were attained at 106.3%.

(6) Performance-Vesting RSUs vest over three years (33% of 50% of the shares vest after 1 year, then in equal annual installments over 2 years), commencing on September 15, 2021, assuming attainment of predefined financial results for fiscal year 2022, which were attained at 122%. The remaining 50% of the shares will vest in year 3 assuming attainment of predefined financial results for fiscal year 2024.

(7) Performance-Vesting RSUs vest over three years (33% of 50% of the shares vest after 1 year, then in equal annual installments over 2 years), commencing on September 15, 2022, assuming attainment of predefined financial results for fiscal year 2023, which were attained at 101.8%. The remaining 50% of the shares will vest in year 3 assuming attainment of predefined financial results for fiscal year 2025.

(8) Time-Vesting RSUs vest over four years (25% cliff vest on the first anniversary of March 15, 2022, then in equal quarterly installments thereafter).

(9) The time-based vesting condition has been met and the option is fully vested and exercisable.

Option Exercises and Stock Vested During Fiscal Year 2023

The following table presents certain information concerning the exercise of options by each of the NEOs during the fiscal year ended July 31, 2023, as well as information regarding stock awards that vested during the fiscal year.

	Options Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of Shares Acquired on Vesting (#)(2)**	**Value Realized on Vesting ($)(3)**
Mike Rosenbaum	—	—	68,685	4,781,935
Jeff Cooper	—	—	22,771	1,586,709
Priscilla Hung	—	—	28,079	1,948,407
John Mullen	—	—	41,857	3,098,766
Winston King	192	6,252	15,155	1,050,837

(1) The value realized upon the exercise of stock options is calculated by (i) subtracting the option exercise price from the market price on the date of exercise to get the realized value per share, and (ii) multiplying the realized value per share by the number of shares underlying options exercised.

(2) Represents shares of common stock released during fiscal year 2023.

(3) The value realized upon vesting of RSUs is calculated by multiplying the number of RSUs vested by the closing price of common stock on the day prior to the vesting date.

Post-Employment Compensation

Our executive officers, including the NEOs, have certain agreements or other arrangements with the Company providing for payments or benefits in the event of a termination of employment or in connection with a change in control. As of July 31, 2023, there are no other agreements with our executive officers for payments or benefits beyond those described.

Involuntary Termination of Employment

Pursuant to Executive Agreements entered into by each NEO, in the event that the employment of the NEOs is terminated without cause (as defined in the applicable Executive Agreements), and subject to such executive officer delivering a fully effective release of claims, he or she will be entitled to cash severance equal to: (i) one times the executive officer's then current base salary (plus one times the executive officer's target annual bonus, for Mr. Rosenbaum only) and (ii) continued health insurance coverage or a lump sum cash payment equal to the monthly contributions that the Company would make to provide health insurance to such executive, in each case, for 12 months. Pursuant to his Executive Agreement, if the Company terminates Mr. Mullen’s employment without cause between the first and second anniversaries of the effective date of his Executive Agreement, then he is entitled to the acceleration of vesting of 20% of his outstanding but unvested initial Time-Vesting RSUs.

Involuntary Termination of Employment in Connection with a Change in Control

Pursuant to the Executive Agreements entered into by each NEO, in the event that the employment of a NEO is terminated without cause or such executive resigns for good reason (as defined in the applicable Executive Agreements) within the period commencing two months prior to and ending 12 months following, a change in control, then in lieu of the severance described above, and subject to such executive officer delivering a fully effective release of claims, he or she will be entitled to cash severance equal to 1.5 times in the case of Mr. Rosenbaum, and one times in the case of the other NEOs, the sum of the executive officer's then current base salary and target bonus, payable in a single lump sum, plus either continued health insurance coverage or a lump sum cash payment equal to the monthly contributions that the Company would make to provide health insurance to such executive, in each case for 18 months for Mr. Rosenbaum and 12 months for the other NEOs. In addition, the vesting of all then-outstanding stock options, RSUs and other stock-based awards held by the applicable NEO will immediately accelerate and become fully vested upon such termination.

The payments and benefits provided under the Executive Agreements in connection with a change in control may not be eligible for a federal income tax deduction for the Company pursuant to Section 280G of the Code. These payments and benefits also may be subject to an excise tax under Section 4999 of the Code. If the payments or benefits payable to the NEOs in connection with a change in control would be subject to the excise tax on golden parachutes imposed under Section 4999 of the Code, then those payments or benefits will be reduced if such reduction would result in a higher net after-tax benefit to such officer.

Potential Payments upon Termination or Change in Control

The table below reflects, as applicable, cash severance, equity acceleration, and continuation of health benefits payable to our NEOs in connection with (1) the termination of his or her employment relationship without cause not in connection with a change in control, (2) upon a change in control of our Company and no termination of employment (assuming that all equity awards will not be assumed or continued or substituted by the successor entity), and (3) upon an involuntary termination of employment (i.e., a termination without cause or resignation for good reason) within the period commencing two months prior to and ending 12 months following a change in control (assuming that all equity awards will be assumed or continued or substituted by the successor entity), assuming for each of (1), (2), and (3) that the applicable triggering event(s) occurred on July 31, 2023. See section above titled *"Post-Employment Compensation."*

Name	Benefit	Termination without Cause Not in Connection with a Change in Control ($)	Change in Control, No Termination of Employment, and No Assumption ($)	Involuntary Termination in Connection with a Change in Control ($)
Mike Rosenbaum	Cash Severance	1,500,000 (1)	—	2,250,000 (2)
	Equity Acceleration	—	16,829,221 (3)	16,829,221 (3)
	Health Benefits	26,055 (4)	—	39,082 (5)
	Total	**1,526,055**	**16,829,221**	**19,118,303**
Jeff Cooper	Cash Severance	400,000 (6)	—	700,000 (7)
	Equity Acceleration	—	7,242,356 (3)	7,242,356 (3)
	Health Benefits	18,829 (4)	—	18,829 (4)
	Total	**418,829**	**7,242,356**	**7,961,185**
Priscilla Hung	Cash Severance	425,000 (6)	—	743,750 (7)
	Equity Acceleration	—	7,986,651 (3)	7,986,651 (3)
	Health Benefits	18,494 (4)	—	18,494 (4)
	Total	**443,494**	**7,986,651**	**8,748,895**
John Mullen	Cash Severance	500,000 (6)	—	1,000,000 (7)
	Equity Acceleration	1,393,593 (8)	10,690,119 (3)	10,690,119 (3)
	Health Benefits	26,055 (4)	—	26,055 (4)
	Total	**1,919,648**	**10,690,119**	**11,716,174**
Winston King	Cash Severance	390,000 (6)	—	550,110 (7)
	Equity Acceleration	—	4,128,529 (3)	4,128,529 (3)
	Health Benefits	25,783 (4)	—	25,783 (4)
	Total	**415,783**	**4,128,529**	**4,704,422**

(1) Represents 12 months' continuation of Mr. Rosenbaum's base salary and payment of one times his target annual bonus opportunity.

(2) Represents 1.5 times the sum of each of Mr. Rosenbaum's base salary and target annual bonus opportunity.

(3) Represents, as applicable, the value of the acceleration of vesting of 100% of the executive's unvested Time-Vesting RSUs, 1/3rd of the first tranche FY 2021 performance-vesting RSUs at 104.3% attainment, the second tranche FY 2021

performance-vesting RSUs at 106.3% attainment, 2/3rds of the first tranche FY 2022 performance-vesting RSUs at 122% attainment, the second tranche FY 2022 performance-vesting RSUs at 100% attainment, the first tranche FY 2023 performance-vesting RSUs at 101.8%, and the second tranche FY 2023 performance-vesting RSUs at 100% attainment, all based on the closing price of our common stock as reported on the NYSE on July 31, 2023, which was $84.82.

(4) Represents 12 months of payment of COBRA premiums for the executive.

(5) Represents 18 months of payment of COBRA premiums for Mr. Rosenbaum.

(6) Represents 12 months' continuation of the executive's base salary.

(7) Represents one times the sum of the executive's base salary and target annual bonus opportunity.

(8) Represents the value of the acceleration of vesting of 20% of Mr. Mullen’s outstanding initial Time-Vesting RSUs, based on the closing price of our common stock as reported on the NYSE on July 31, 2023, which was $84.82.

CEO Pay Ratio

Our compensation and benefits philosophy and the overall structure of our compensation and benefit programs are broadly similar across the organization to encourage and reward all employees who contribute to our success. We strive to ensure the pay of every employee reflects the level of their job impact and responsibilities and is competitive within our peer group. Our ongoing commitment to pay equity is critical to our success in supporting a diverse workforce with opportunities for all employees to grow, develop, and contribute.

Under rules adopted pursuant to the Dodd-Frank Act, we are required to calculate and disclose the total compensation paid to our median paid employee, as well as the ratio of the total compensation paid to the median employee as compared to the total compensation paid to our CEO (the “CEO Pay Ratio”). The paragraphs that follow describe our methodology and the resulting CEO Pay Ratio.

Measurement Date

Although we are permitted by the SEC rules to use the same median employee that was identified for purposes of our fiscal year 2022 disclosure for the CEO Pay Ratio, we did not use such employee as we did not believe that such employee continued to be representative of the median. Instead, we re-identified our median employee using our employee population on July 31, 2023 (including all employees, whether employed on a full-time, part-time, seasonal, or temporary basis).

Consistently Applied Compensation Measure (CACM)

Under the relevant rules, we were required to identify the median employee by use of a “consistently applied compensation measure,” or CACM. We chose a CACM that closely approximates the annual target total direct compensation of our employees. Specifically, we identified the median employee by looking at all active employees as of July 31, 2023, and calculating each employee’s annual base pay, annual target cash incentive opportunity, and the grant date fair value for equity awards granted in fiscal year 2023. We did not perform adjustments to the compensation paid to part-time employees to calculate what they would have been paid on a full-time basis. In identifying the median employee, we did not exclude workers in non-U.S. countries and did not make any cost-of-living adjustments. This process resulted in the identification of an employee whose compensation was anomalous, as that individual was newly hired in fiscal year 2023. As a result, we substituted an employee near the median whose compensation was viewed as more representative of our median employee.

Methodology and Pay Ratio

Once the median employee was identified, we calculated the median employee’s annual total compensation in accordance with the requirements of the Summary Compensation Table.

Our median employee compensation as calculated using Summary Compensation Table requirements (excluding health and welfare benefits) was $159,207. Our CEO’s compensation as reported in the Summary Compensation Table (excluding health and welfare benefits) was $9,549,562. Therefore, our CEO Pay Ratio is approximately 60:1.

This information is being provided for compliance purposes and is a reasonable estimate calculated in a manner consistent with SEC rules, based on our internal records and the methodology described above. The SEC rules for identifying the median compensated employee allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices. Accordingly, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may use different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios. Neither the Compensation Committee nor management of the company used the CEO Pay Ratio measure in making compensation decisions.

Pay Versus Performance

Pay Versus Performance Table

The following table sets forth the pay versus performance disclosures required by Section 953(a) of the Dodd-Frank Act and Item 402(v) of Regulation S-K, for each of the last three completed fiscal years. Because of the emphasis our executive compensation program places on equity compensation, as discussed in “Compensation Discussion and Analysis,” there may be large increases or decreases in the calculation of “compensation actually paid” to our NEOs on a year-to-year basis due to fluctuation in our stock price. This disclosure has been prepared in accordance with Item 402(v) of Regulation S-K and does not necessarily reflect value actually realized by our NEOs.

					Value of Initial Fixed $100 Investment Based on: (4)			
Fiscal Year	Summary Compensation Table Total for CEO ($)(1)	Compensation Actually Paid to CEO ($)(2)	Average Summary Compensation Table Total for Non-CEO NEOs ($)(3)	Average Compensation Actually Paid to Non-CEO NEOs ($)(2)	Company Total Stockholder Return	Peer Group Total Stockholder Return (5)	Net Income (in thousands)	Annual Recurring Revenue (in millions)(6)
2023	9,550,492	11,214,092	3,940,333	4,859,553	72.09	123.74	(111,855)	761
2022	10,084,978	2,928,935	6,354,350	3,092,856	66.05	104.47	(180,431)	683
2021	8,234,834	7,315,842	3,007,199	2,810,775	97.91	147.98	(66,507)	575

(1) Our principal executive officer for all covered fiscal years was our CEO, Mr. Rosenbaum, and we have referred to him as our CEO throughout this disclosure.

(2) We have made adjustments to the Summary Compensation Table totals—as prescribed by Item 402(v) of Regulation S-K—to calculate the amounts disclosed above as “compensation actually paid.” These adjustments are disclosed in the tables following footnote (6) below under the caption, “Adjustments to Determine Compensation Actually Paid.” Fair value or change in fair value, as applicable, of equity awards in the “Compensation Actually Paid” columns was determined by reference to: (i) for Time-Vesting RSUs, the closing price per share on the applicable year-end date(s) or, in the case of vesting dates, the closing price per share on the applicable vesting date(s); (ii) for Performance-Vesting RSUs, the same valuation methodology as Time-Vesting RSUs in the immediately preceding clause, except that the year-end values are multiplied by the probability of achievement of the applicable performance objective as of the applicable date; and (iii) for RSUs subject to performance-based vesting conditions tied to total stockholder return as granted prior to fiscal year 2021, estimated fair values of such unvested awards using a Monte Carlo simulation model as of each relevant measurement date for fiscal years 2021 to 2023. For additional information on the assumptions used to calculate the valuation of these awards, see the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 and prior fiscal years.

(3) Our non-CEO NEOs for the fiscal years ended July 31, 2021, July 31, 2022 and July 31, 2023 are set forth in the second summary table provided below under the caption, “Adjustments to Determine Compensation Actually Paid.”

(4) Assumes $100 invested on July 31, 2020 in stock or index, including reinvestment of dividends.

(5) Our peer group (the “Peer Group”) is comprised of the S&P Software & Services Select Industry Index, as disclosed in our annual report pursuant to Section 229.201(e)(1)(ii) of Regulation S-K.

(6) We selected Annual Recurring Revenue (on a constant currency basis) as the Company-Selected Measure given its inclusion in our quarterly earnings releases and as a financial target in our bonus program and certain equity awards for our management team.

Adjustments to Determine Compensation Actually Paid

Compensation actually paid to our CEO represents the "Total" compensation reported in the Summary Compensation Table for the applicable fiscal year, as adjusted as follows:

	2021	2022	2023
Summary Compensation Table Total for CEO(1)	$8,234,834	$10,084,978	$9,550,492
Subtract Grant Date Fair Value of Option Awards and Stock Awards Granted in Fiscal Year(2)	$(6,627,872)	$(8,474,034)	$(7,851,062)
Add Fair Value at Fiscal Year-End of Outstanding and Unvested Option Awards and Stock Awards Granted in Fiscal Year(3)	$6,480,263	$5,558,182	$9,157,761
Adjust for Change in Fair Value of Outstanding and Unvested Option Awards and Stock Awards Granted in Prior Fiscal Years(3)	$(1,071,147)	$(4,253,689)	$403,027
Adjust for Fair Value at Vesting of Option Awards and Stock Awards Granted in Fiscal Year That Vested During Fiscal Year(3)	$656,767	$600,823	$795,456
Adjust for Change in Fair Value as of Vesting Date of Option Awards and Stock Awards Granted in Prior Fiscal Years For Which Applicable Vesting Conditions Were Satisfied During Fiscal Year(3)	$(357,003)	$(587,325)	$(841,582)
Subtract Fair Value as of Prior Fiscal Year-End of Option Awards and Stock Awards Granted in Prior Fiscal Years That Failed to Meet Applicable Vesting Conditions During Fiscal Year(3)	$—	$—	$—
Add Value of Dividends or other Earnings Paid on Stock or Option Awards not Otherwise Reflected in Fair Value or Total Compensation	$—	$—	$—
Compensation Actually Paid	**$7,315,842**	**$2,928,935**	**$11,214,092**

1. We have not reported any amounts in our Summary Compensation Table with respect to "Change in Pension and Non-qualified Deferred Compensation" and, accordingly, the adjustments with respect to such items prescribed by the pay-versus-performance rules are not relevant to our analysis and no adjustments have been made.
2. The amounts reflect the aggregate grant-date fair value reported in the "Stock Awards" and "Option Awards" columns in the Summary Compensation Table for the applicable year.
3. In accordance with Item 402(v) requirements, the fair values of unvested and outstanding equity awards to our CEO were remeasured as of the end of each fiscal year, and as of each vesting date, during the years displayed in the table above. We approached the determination of fair value in the same way as we historically have determined fair value and fair values as of each measurement date were determined using valuation assumptions and methodologies (including expected term, volatility, dividend yield, and risk-free interest rates) that are generally consistent with those used to estimate fair value at grant under US GAAP.

The average compensation actually paid to our non-CEO NEOs for the relevant fiscal year, as determined under SEC rules (and described below), includes the individuals indicated in the table below for each fiscal year:

2021	2022	2023
Jeff Cooper	Jeff Cooper	Jeff Cooper
Priscilla Hung	Priscilla Hung	Priscilla Hung
Winston King	Winston King	Winston King
Frank O'Dowd	John Mullen	John Mullen
	Frank O'Dowd	

Average compensation actually paid to our non-CEO NEOs represents the "Total" compensation reported in the Summary Compensation Table for the applicable fiscal year, as adjusted as follows:

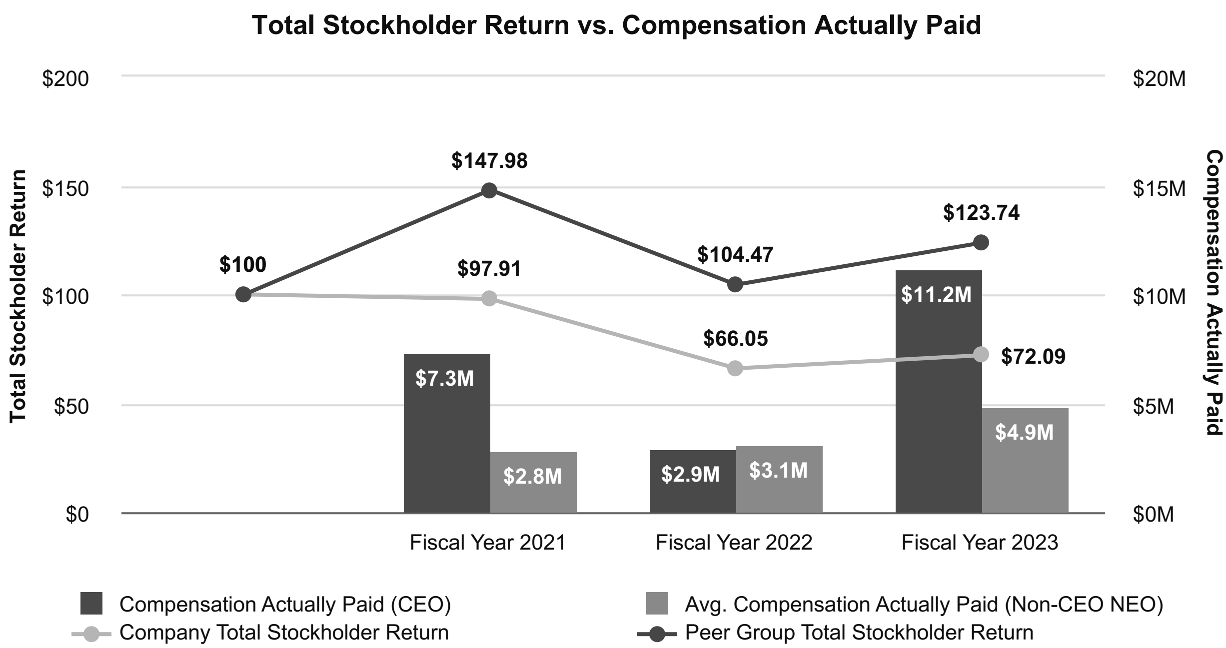
	2021	2022	2023
Summary Compensation Table Total for non-CEO NEOs(1)	$3,007,199	$6,354,350	$3,940,333
Subtract Grant Date Fair Value of Option Awards and Stock Awards Granted in Fiscal Year(2)	$(2,274,596)	$(5,568,306)	$(3,061,945)
Add Fair Value at Fiscal Year-End of Outstanding and Unvested Option Awards and Stock Awards Granted in Fiscal Year(3)	$2,167,180	$3,235,840	$3,571,601
Adjust for Change in Fair Value of Outstanding and Unvested Option Awards and Stock Awards Granted in Prior Fiscal Years(3)	$(228,438)	$(594,349)	$251,249
Adjust for Fair Value at Vesting of Option Awards and Stock Awards Granted in Fiscal Year That Vested During Fiscal Year(3)	$219,589	$342,075	$310,205
Adjust for Change in Fair Value as of Vesting Date of Option Awards and Stock Awards Granted in Prior Fiscal Years For Which Applicable Vesting Conditions Were Satisfied During Fiscal Year(3)	$(80,159)	$(104,446)	$(151,890)
Subtract Fair Value as of Prior Fiscal Year-End of Option Awards and Stock Awards Granted in Prior Fiscal Years That Failed to Meet Applicable Vesting Conditions During Fiscal Year(3)	$—	$(572,308)	$—
Add Value of Dividends or other Earnings Paid on Stock or Option Awards not Otherwise Reflected in Fair Value or Total Compensation	$—	$—	$—
Compensation Actually Paid	**$2,810,775**	**$3,092,856**	**$4,859,553**

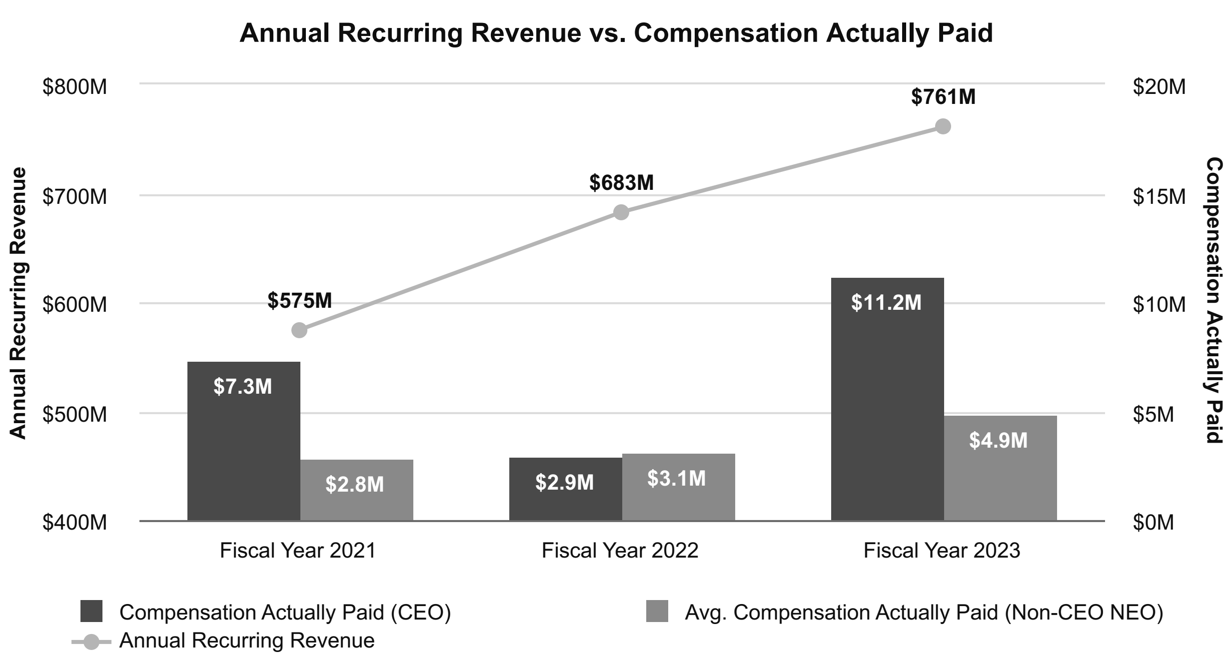
1. We have not reported any amounts in our Summary Compensation Table with respect to "Change in Pension and Non-qualified Deferred Compensation" and, accordingly, the adjustments with respect to such items prescribed by the pay-versus-performance rules are not relevant to our analysis and no adjustments have been made.
2. The amounts reflect the aggregate grant-date fair value reported in the "Stock Awards" and "Option Awards" columns in the Summary Compensation Table for the applicable year.
3. In accordance with Item 402(v) requirements, the fair values of unvested and outstanding equity awards to our non-CEO NEOs were remeasured as of the end of each fiscal year, and as of each vesting date, during the years displayed in the table above. We approached the determination of fair value in the same way as we historically have determined fair value and fair values as of each measurement date were determined using valuation assumptions and methodologies (including expected term, volatility, dividend yield, and risk-free interest rates) that are generally consistent with those used to estimate fair value at grant under US GAAP.

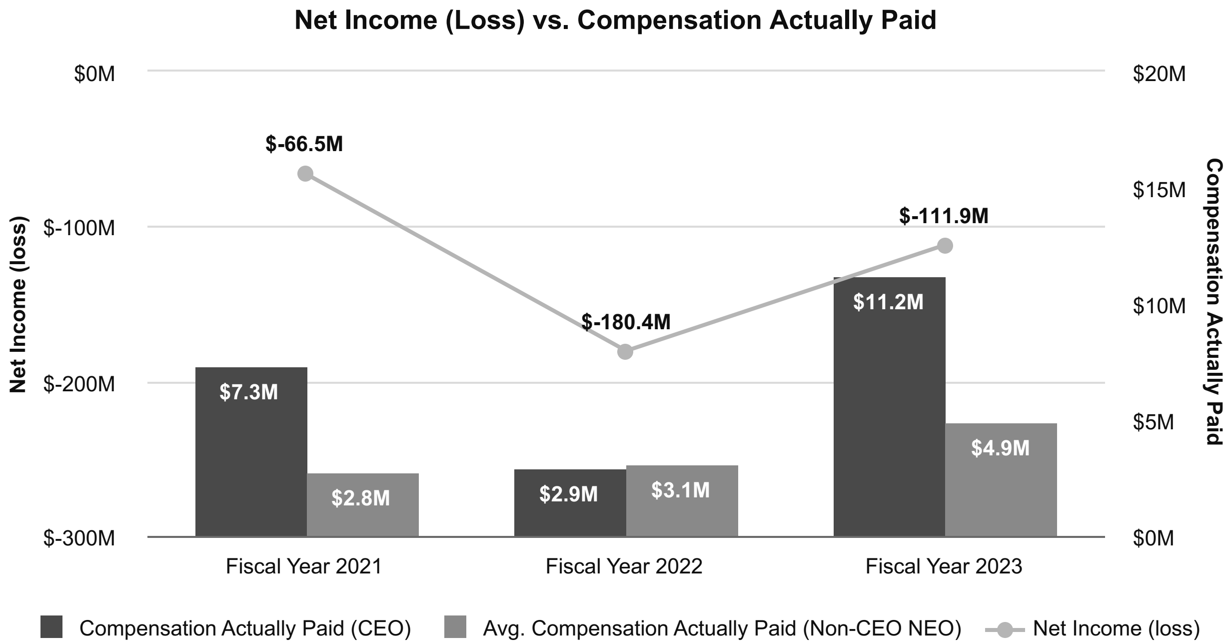
Relationship Between Financial Performance Measures

The graphs below compare the compensation actually paid to our CEO and the average of the compensation actually paid to our remaining NEOs, with (i) our cumulative total stockholder return and the Peer Group total stockholder return, (ii) our Annual Recurring Revenue, and (iii) our net income (loss), in each case, for the fiscal years ended July 31, 2021, July 31, 2022 and July 31, 2023.

Total stockholder return amounts reported in the graph below assume an initial fixed investment of $100 invested on July 31, 2020 in stock or index, including reinvestment of dividends.







Pay Versus Performance Measures

We believe the following performance measures represent the most important measures used by us to link compensation actually paid to the performance of our NEOs for the fiscal year ended July 31, 2023:

- Annual Recurring Revenue (70% Weighting);
- Adjusted Non-GAAP Operating Profit (25% Weighting); and
- NPS/ESG Performance (5% Weighting).

For additional details regarding our important performance measures, please see the sections entitled “Compensation Program Design” and “Executive Compensation Program Elements” in our Compensation Discussion and Analysis as set forth above in this Proxy Statement.

Ownership of Guidewire Software, Inc. Common Stock

The following table sets forth, as of October 23, 2023, the record date, the shares of our common stock beneficially owned by:

- Each person known by us to own beneficially more than 5% of our common stock;
- Each of our NEOs for fiscal year 2023;
- Each of our directors; and
- All of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with SEC rules, which generally attribute beneficial ownership of securities to each person who possesses, either solely or shared with others, the power to vote or dispose of those securities. We have deemed shares of our common stock subject to options and RSUs outstanding as of October 23, 2023 that were exercisable or issuable or will become exercisable or issuable within 60 days of October 23, 2023 to be outstanding and to be beneficially owned by the person holding the option or RSU for the purpose of computing the percentage ownership of that person, but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person. The percentage of beneficial ownership for the following table is based on 81,930,494 shares of common stock outstanding as of the record date. To our knowledge, except as indicated in the footnotes to this table and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

	Shares Beneficially Owned	
Name and Address(1)	**Number of Shares of Common Stock (#)**	**Percent of Class (%)**
5% Stockholders:		
Baron Capital Group, Inc.(2)	5,887,662	7.19
Berkshire Partners Holdings LLC(3)	4,728,378	5.77
BlackRock, Inc.(4)	4,227,964	5.16
The Vanguard Group(5)	7,777,138	9.49
Named Executive Officers and Directors:		
Mike Rosenbaum(6)	144,067	*
Jeff Cooper(7)	20,871	*
Priscilla Hung(8)	18,307	*
John Mullen(9)	44,036	*
Winston King(10)	19,123	*
Marcus S. Ryu(11)	8,275	*
Paul Lavin(12)	10,305	*
David Bauer(13)	4,412	*
Margaret Dillon(14)	11,706	*
Michael C. Keller(15)	12,566	*
Catherine P. Lego(16)	11,706	*
Rajani Ramanathan(17)	6,370	*
All directors and executive officers as a group (12 persons)(18)	311,744	*

* Less than 1%.

(1) Unless noted otherwise in the footnotes, all addresses are c/o Guidewire Software, Inc., 970 Park Pl, Suite 200, San Mateo, California 94403.

(2) Based solely on information reported on a Schedule 13G filed with the SEC on February 14, 2023 by BAMCO, Inc. ("BAMCO"), Baron Capital Group, Inc. ("BCG"), Baron Capital Management, Inc. ("BCM") and Ronald Baron, consists of 5,887,662 shares beneficially held by BCG, 5,793,662 shares for which BCG possesses shared voting power and 5,887,662 shares for which BCG possesses shared dispositive power. BAMCO and BCM are subsidiaries of BCG and Ronald Baron owns a controlling interest in BCG. The principal business address of BAMCO, BCG, BCM and Mr. Baron is 767 Fifth Avenue, 49th Floor, New York, NY 10153.

(3) Based solely on information reported on a Schedule 13G filed with the SEC on February 14, 2023 by Berkshire Partners Holdings LLC ("BPH"), BPSP, L.P. ("BPSP"), Stockbridge Fund, L.P. ("SF") and Stockbridge Partners LLC ("SP"), consists of 4,728,378 shares beneficially held by BPH, 4,728,378 shares for which BPH possesses shared voting power and 4,728,378 shares for which BPH possesses shared dispositive power. BPH is a general partner of BPSP. BPSP is the managing member of SP, the registered investment advisor to SF, as well as certain other accounts holding shares of the Company for which SP serves as investment adviser. The principal business address of BPH, BPSP, SF and SP is 200 Clarendon Street, 35th Floor, Boston, MA 02116.

(4) Based solely on information reported on a Schedule 13G filed with the SEC on February 1, 2023, by BlackRock, Inc. ("BlackRock"), consists of 4,227,964 shares beneficially held by BlackRock, 4,046,380 shares for which BlackRock possesses sole voting power and 4,227,964 shares for which BlackRock possesses sole dispositive power. The principal business address for BlackRock is 55 East 52nd Street, New York, NY 10055.

(5) Based solely on information reported on a Schedule 13G filed with the SEC on February 9, 2023, by The Vanguard Group ("Vanguard"), consists of 7,777,138 shares beneficially held by Vanguard, 31,361 shares for which Vanguard possesses shared voting power, 7,662,768 shares for which Vanguard possesses sole dispositive power and 114,370 shares for which Vanguard possesses shared dispositive power. The principal business address for Vanguard is 100 Vanguard Boulevard, Malvern, PA 19355.

(6) Includes 11,086 RSU shares that will be vested and released within 60 days of the record date.

(7) Includes 6,545 RSU shares that will be vested and released within 60 days of the record date.

(8) Includes 3,832 RSU shares that will be vested and released within 60 days of the record date.

(9) Includes 10,964 RSU shares that will be vested and released within 60 days of the record date.

(10) Includes 105 shares that may be acquired within 60 days of the record date through the exercise of stock options and 2,915 RSU shares that will be vested and released within 60 days of the record date.

(11) Includes 3,736 RSU shares that will be vested and released within 60 days of the record date.

(12) Includes 3,736 RSU shares that will be vested and released within 60 days of the record date.

(13) Includes 3,736 RSU shares that will be vested and released within 60 days of the record date.

(14) Includes 3,736 RSU shares that will be vested and released within 60 days of the record date.

(15) Includes 3,736 RSU shares that will be vested and released within 60 days of the record date.

(16) Includes 3,736 RSU shares that will be vested and released within 60 days of the record date.

(17) Includes 3,736 RSU shares that will be vested and released within 60 days of the record date.

(18) Includes 105 shares that may be acquired within 60 days of the record date through the exercise of stock options by the current directors and executive officers and 61,494 RSU shares that will be vested and released to the current directors and executive officers within 60 days of the record date.

Certain Relationships and Related Party Transactions

Transactions with Our Executive Officers and Directors

Stock Option and RSU Awards

The grants of certain stock options and RSUs to our directors and executive officers and related equity compensation policies are described above in the sections titled *"Information Regarding Compensation of Directors and Executive Officers" and "Compensation Discussion and Analysis."*

Employment Agreements

We have entered into agreements containing compensation, termination and change of control provisions, among others, with certain of our executive officers as described above in the section titled *"Compensation Discussion and Analysis-Executive Agreements and Termination of Employment Arrangements."*

The Company participated in one transaction (including employment and compensation associated therewith) since the beginning of fiscal year 2023 in which a director, director nominee, executive officer, or one of their immediate family members had a material interest and the amount involved exceeded $120,000. Annie Lavin, the daughter of Paul Lavin, our Lead Independent Director, is employed by us as a Strategic Business Operations Senior Manager in the Business Operations Department. In fiscal year 2023, the aggregate compensation paid to Ms. Lavin, including salary, incentive compensation, the grant date value of long-term incentive awards and the value of any health and other benefits contributed to or paid for by us, was less than $200,000. Ms. Lavin's aggregate compensation is similar to the aggregate compensation of other employees holding equivalent positions.

Indemnification of Officers and Directors

We have also entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements and our amended and restated certificate of incorporation and amended and restated bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that limit the personal liability of our directors and officers for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors and officers will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- Any breach of the director's or officer's duty of loyalty to us or our stockholders;
- Any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- Unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- Any transaction from which the director or officer derived an improper personal benefit.

Each of our amended and restated certificate of incorporation and amended and restated bylaws provide that we indemnify our directors and officers to the fullest extent permitted by Delaware law. In addition, our amended and restated bylaws provide that we shall advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding. However, our amended and restated bylaws provide that no indemnification shall be made when such director or officer shall have been adjudged to be liable to us unless and only to the extent that the Delaware Court of Chancery (or the court in which such action or suit was brought) shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses. Further, our amended and restated bylaws permit us to secure insurance on behalf of any officer, director, employee, or other agent for any liability arising out of his or her actions in that capacity, regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers, and other employees as determined by the Board. With certain exceptions, these agreements provide for indemnification for related expenses including, among others, attorneys' fees, judgments, fines, and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

Policies and Procedures for Related Party Transactions

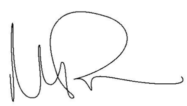
We have adopted a formal written policy that our executive officers, directors, and principal stockholders, including their immediate family members and affiliates, are not permitted to enter into a related party transaction with us that must be reported under applicable rules of the SEC without the prior consent of our Audit Committee or other independent members of our Board in the case it is inappropriate for our Audit Committee to review such transaction due to a conflict of interest. All of our directors, executive officers, and certain employees are required to report to our Audit Committee any such related party transaction. In approving or rejecting the proposed agreement, our Audit Committee shall consider the relevant facts and circumstances available to and deemed relevant by the Audit Committee, including, but not limited to the risks, costs and benefits to us, the terms of the transaction, the availability of other sources for comparable services or products, and, if applicable, the impact on a director's independence. Our Audit Committee shall approve only those agreements that, in light of known circumstances, are in, or are not inconsistent with, our best interests, as our Audit Committee determines in the good faith exercise of its discretion.

Additional Information

Other Matters

We know of no other matters to be submitted at the 2023 annual meeting of stockholders. If any other matters properly come before the annual meeting of stockholders, it is the intention of the proxy holders to vote the shares they represent as the Board may recommend.

THE BOARD OF DIRECTORS



MIKE ROSENBAUM
Chief Executive Officer

Dated: November 2, 2023

Appendix A

Non-GAAP Financial Measures Information

Set forth below in this Appendix A is important information about the Adjusted Non-GAAP Operating Profit metric discussed in this proxy statement.

Adjusted Non-GAAP Operating Profit

As discussed in this proxy statement, annual bonuses paid to our executive officers under our Bonus Plan are partially conditioned upon the achievement of specified levels of Adjusted Non-GAAP Operating Profit. We believe that the Adjusted Non-GAAP Operating Profit financial measure provides useful information to management and investors regarding the results of our operations. We also believe that Adjusted Non-GAAP Operating Profit metric provides an additional tool for investors to use in evaluating ongoing operating results and trends. The principal limitation of Adjusted Non-GAAP Operating Profit is that it excludes significant expenses and income that are required by GAAP to be recorded in our financial statements. In addition, it is subject to inherent limitations as it reflects the exercise of judgment by management about which expenses are excluded or included in determining Adjusted Non-GAAP Operating Profit.

Adjusted Non-GAAP Operating Profit was calculated as income (loss) from operations under GAAP exclusive of:

- Stock-based compensation expense;
- Amortization of acquired intangibles;
- Acquisition consideration holdback;
- Net impact of assignment of lease agreement; and
- Corporate bonus accrual exceeding 100%.

The table below provides a reconciliation of Adjusted Non-GAAP Operating Profit to GAAP income (loss) from operations for the time periods indicated below (in thousands):

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
Reconciliation of GAAP Income (Loss) from Operations to Adjusted Non-GAAP Operating Profit
(unaudited, in thousands)

The following table reconciles the specific items excluded from GAAP income (loss) from operations in the calculation of Adjusted Non-GAAP operating profit for the fiscal year ended July 31, 2023:

Adjusted Non-GAAP operating profit reconciliation:	Fiscal Year Ended July 31, 2023
GAAP income (loss) from operations	**$ (149,490)**
Non-GAAP adjustments:	
Stock-based compensation expense	142,842
Amortization of intangibles	6,888
Acquisition consideration holdback	2,939
Net impact of assignment of lease agreement (1)	8,502
Corporate bonus accrual exceeding 100%	7,670
Adjusted Non-GAAP Operating Profit	**$ 19,351**

(1) During the third quarter of fiscal year 2023, we recorded in general and administrative expenses a net loss of $8.5 million related to the assignment of the lease agreement for the remaining lease term of our previous headquarters. The loss is comprised of an $18.4 million gain from the de-recognition of the operating lease asset of $56.9 million, the de-recognition of the lease liability of $75.5 million, and other expenses related to the lease assignment of $0.2 million, offset by accelerated depreciation expense related to property and equipment, primarily consisting of leasehold improvements, at the previous headquarters of $26.9 million. Prior to the third quarter of fiscal year 2023, there were no transactions similar to the lease assignment in any periods presented.

Appendix B

Guidewire Software, Inc. Amended and Restated 2020 Stock Plan

Section 1. General Purpose of the Plan; Definitions

The name of the plan is the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and Consultants of Guidewire Software, Inc. (the "Company") and its Affiliates upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company and its stockholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"Act" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Administrator" means either the Board or the compensation committee of the Board or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

"Affiliate" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Act. The Board will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

"Award" or ***"Awards,"*** except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Units, Restricted Stock Awards, Unrestricted Stock Awards, Cash-Based Awards, and Dividend Equivalent Rights.

"Award Certificate" means a written or electronic document setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Certificate is subject to the terms and conditions of the Plan.

"Board" means the Board of Directors of the Company.

"Cash-Based Award" means an Award entitling the recipient to receive a cash-denominated payment.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"Consultant" means a consultant or adviser who provides bona fide services to the Company or an Affiliate as an independent contractor and who qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the Act.

"Dividend Equivalent Right" means an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the grantee.

"Effective Date" means the date on which the Plan becomes effective as set forth in Section 19.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Fair Market Value" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is listed on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), NASDAQ Global Market, The New York Stock Exchange or another national securities exchange or traded on any established market, the determination shall be made by reference to market quotations. If there are no market quotations for such date, the determination shall be made by reference to the last date preceding such date for which there are market quotations.

"Incentive Stock Option" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"Non-Employee Director" means a member of the Board who is not also an employee of the Company or any Subsidiary.

"Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Option" or ***"Stock Option"*** means any option to purchase shares of Stock granted pursuant to Section 5.

"Restricted Shares" means the shares of Stock underlying a Restricted Stock Award that remain subject to a risk of forfeiture or the Company's right of repurchase.

"Restricted Stock Award" means an Award of Restricted Shares subject to such restrictions and conditions as the Administrator may determine at the time of grant.

"Restricted Stock Units" means an Award of stock units subject to such restrictions and conditions as the Administrator may determine at the time of grant.

"Sale Event" shall mean (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all of the Stock of the Company to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

"Sale Price" means the value as determined by the Administrator of the consideration payable, or otherwise to be received by stockholders, per share of Stock pursuant to a Sale Event.

"Section 409A" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"Service Relationship" means any relationship as an employee, director or Consultant of the Company or any Affiliate (e.g., a Service Relationship shall be deemed to continue without interruption in the event an individual's status changes from full-time employee to part-time employee or Consultant).

"Stock" means the Common Stock, par value $0.0001 per share, of the Company, subject to adjustments pursuant to Section 3.

"Stock Appreciation Right" means an Award entitling the recipient to receive shares of Stock (or cash, to the extent explicitly provided for in the applicable Award Certificate) having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

"Subsidiary" means any corporation or other entity (other than the Company) in which the Company has at least a 50 percent interest, either directly or indirectly.

"Ten Percent Owner" means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation.

"Unrestricted Stock Award" means an Award of shares of Stock free of any restrictions.

Section 2. Administration of Plan; Administrator Authority to Select Grantees and Determine Awards

(a) Administration of Plan. The Plan shall be administered by the Administrator.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards, Cash-Based Awards, and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the forms of Award Certificates;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award in circumstances involving the grantee's death or disability;

(vi) subject to the provisions of Section 5(c), to extend at any time the period in which Stock Options may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Awards. Subject to applicable law, the Administrator, in its discretion, may delegate to a committee consisting of one or more officers of the Company including the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards to individuals who are (i) not subject to the reporting and other provisions of Section 16 of the Exchange Act and (ii) not members of the delegated committee. Any such delegation by the Administrator shall include a limitation as to the amount of Stock underlying Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

(d) Award Certificate. Awards under the Plan shall be evidenced by Award Certificates that set forth the terms, conditions and limitations for each Award which may include, without limitation, the term of an Award and the provisions applicable in the event employment or service terminates.

(e) Indemnification. Neither the Board nor the Administrator, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Administrator (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(f) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have employees or other individuals eligible for Awards, the Administrator, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish sub-plans and modify exercise procedures and other terms and procedures, to the extent the Administrator determines such actions to be necessary or advisable (and such sub-plans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such sub-plans and/or modifications shall increase the share limitations contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Administrator determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

Section 3. Stock Issuable Under the Plan; Mergers; Substitution

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 10,580,000 shares, subject to adjustment as provided in this Section 3. For purposes of this limitation, the shares of Stock underlying any awards under the Plan and under the Company's 2011 Stock Plan that are forfeited, canceled, or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan and, to the extent permitted under Section 422 of the Code and the regulations promulgated thereunder, the shares of Stock that may be issued as Incentive Stock Options. Notwithstanding the foregoing, the following shares shall not be added to the shares authorized for grant under the Plan: (i) shares tendered or held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, and (ii) shares subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right upon exercise thereof. In the event the Company repurchases shares of Stock on the open market, such shares shall not be added to the shares of Stock available for issuance under the Plan. Subject to such overall limitations, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that no more than 10,580,000 shares of the Stock may be issued in the form of Incentive Stock Options. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, 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, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, including the maximum number of shares that may be issued in the form of Incentive Stock Options, (ii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iii) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award, and (iv) the exercise price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of shares subject to Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The Administrator shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(c) Mergers and Other Transactions. In the case of and subject to the consummation of a Sale Event, the parties thereto may cause the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree. To the extent the parties to such Sale Event do not provide for the assumption, continuation or substitution of Awards, upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate. In such case, except as may be otherwise provided in the relevant Award Certificate, all Options and Stock Appreciation Rights with time-based vesting conditions or restrictions that are not vested and/or exercisable immediately prior to the effective time of the Sale Event shall become fully vested and exercisable as of the effective time of the Sale Event, all other Awards with time-based vesting, conditions or restrictions shall become fully vested and non-forfeitable as of the effective time of the Sale Event, and all Awards with conditions and restrictions relating to the attainment of performance goals may become vested and non-forfeitable in connection with a Sale Event to the extent specified in the relevant Award Certificate. In the event of such termination, (i) the Company shall have the option (in its sole discretion) to make or provide for a payment, in cash or in kind, to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the Sale Price multiplied by the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights (provided that, in the case of an Option or Stock Appreciation Right with an exercise price equal to or greater than the Sale Price, such Option or Stock Appreciation Right shall be cancelled for no consideration); or (ii) each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights (to the extent then exercisable) held by such grantee. The Company shall also have the option (in its sole discretion) to make or provide for a payment, in cash or in kind, to the grantees holding other Awards in an amount equal to the Sale Price multiplied by the number of vested shares of Stock under such Awards.

(d) Maximum Awards to Non-Employee Directors. Notwithstanding anything to the contrary in this Plan, the value of all Awards awarded under this Plan and all other cash compensation paid by the Company to any Non-Employee Director in any calendar year shall not exceed $750,000. For the purpose of this limitation, the value of any Award shall be its grant date fair value, as determined in accordance with ASC 718 or successor provision but excluding the impact of estimated forfeitures related to service-based vesting provisions.

Section 4. Eligibility

Grantees under the Plan will be such employees, Non-Employee Directors or Consultants of the Company and its Affiliates as are selected from time to time by the Administrator in its sole discretion; provided that Awards may not be granted to employees, Directors or Consultants who are providing services only to any "parent" of the Company, as such term is defined in Rule 405 of the Act, unless (i) the stock underlying the Awards is treated as "service recipient stock" under Section 409A or (ii) the Company has determined that such Awards are exempt from or otherwise comply with Section 409A.

Section 5. Stock Options

(a) Award of Stock Options. The Administrator may grant Stock Options under the Plan. Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

Stock Options granted pursuant to this Section 5 shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the optionee's election, subject to such terms and conditions as the Administrator may establish.

(b) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5 shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the exercise price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date. Notwithstanding the foregoing, Stock Options may be granted with an exercise price per share that is less than 100 percent of the Fair Market Value on the date of grant (i) pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code, (ii) to individuals who are not subject to U.S. income tax on the date of grant or (iii) the Stock Option is otherwise compliant with Section 409A.

(c) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the date of grant.

(d) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. Subject to Section 2(b)(v), the Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(e) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written or electronic notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods except to the extent otherwise provided in the Award Certificate:

(i) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(ii) Through the delivery (or attestation to the ownership following such procedures as the Company may prescribe) of shares of Stock that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(iii) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Company shall prescribe as a condition of such payment procedure; or

(iv) With respect to Stock Options that are not Incentive Stock Options, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Award Certificate or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

(f) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

Section 6. Stock Appreciation Rights

(a) Award of Stock Appreciation Rights. The Administrator may grant Stock Appreciation Rights under the Plan. A Stock Appreciation Right is an Award entitling the recipient to receive shares of Stock (or cash, to the extent explicitly provided for in the applicable Award Certificate) having a value equal to the excess of the Fair Market Value of a share of Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

(b) Exercise Price of Stock Appreciation Rights. The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(c) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator independently of any Stock Option granted pursuant to Section 5 of the Plan.

(d) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined on the date of grant by the Administrator. The term of a Stock Appreciation Right may not exceed ten years. The terms and conditions of each such Award shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

Section 7. Restricted Stock Awards

(a) Nature of Restricted Stock Awards. The Administrator may grant Restricted Stock Awards under the Plan. A Restricted Stock Award is any Award of Restricted Shares subject to such restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other Service Relationship) and/or achievement of pre-established performance goals and objectives.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Shares and receipt of dividends; provided that if the lapse of restrictions with respect to the Restricted Stock Award is tied to the attainment of vesting conditions, any dividends paid by the Company shall accrue and shall not be paid to the grantee until and to the extent the vesting conditions are met with respect to the Restricted Stock Award. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Shares shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Shares are vested as provided in Section 7(d) below, and (ii) certificated Restricted Shares shall remain in the possession of the Company until such Restricted Shares are vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Administrator may prescribe.

(c) Restrictions. Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award Certificate. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 16 below, in writing after the Award is issued, if a grantee's employment (or other Service Relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Shares that have not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such grantee or such grantee's legal representative simultaneously with such termination of employment (or other Service Relationship), and thereafter shall cease to represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of Restricted Shares that are represented by physical certificates, a grantee shall surrender such certificates to the Company upon request without consideration.

(d) Vesting of Restricted Shares. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Shares and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Shares and shall be deemed "vested."

Section 8. Restricted Stock Units

(a) Nature of Restricted Stock Units. The Administrator may grant Restricted Stock Units under the Plan. A Restricted Stock Unit is an Award of stock units that may be settled in shares of Stock (or cash, to the extent explicitly provided for in the Award Certificate) upon the satisfaction of such restrictions and conditions at the time of grant. Conditions may be based on continuing employment (or other Service Relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. Except in the case of Restricted Stock Units with a deferred settlement date that complies with Section 409A, at the end of the vesting period, the Restricted Stock Units, to the extent vested, shall be settled in the form of shares of Stock. Restricted Stock Units with deferred settlement dates are subject to Section 409A and shall contain such additional terms and conditions as the Administrator shall determine in its sole discretion in order to comply with the requirements of Section 409A.

(b) Election to Receive Restricted Stock Units in Lieu of Compensation. The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of future cash compensation otherwise due to such grantee in the form of an award of Restricted Stock Units. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with Section 409A and such other rules and procedures established by the Administrator. Any such future cash compensation that the grantee elects to defer shall be converted to a fixed number of Restricted Stock Units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee if such payment had not been deferred as provided herein. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate. Any Restricted Stock Units that are elected to be received in lieu of cash compensation shall be fully vested, unless otherwise provided in the Award Certificate.

(c) Rights as a Stockholder. A grantee shall have the rights as a stockholder only as to shares of Stock acquired by the grantee upon settlement of Restricted Stock Units; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the stock units underlying his Restricted Stock Units, subject to the provisions of Section 11 and such terms and conditions as the Administrator may determine.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 16 below, in writing after the Award is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of Service Relationship) with the Company and its Subsidiaries for any reason.

Section 9. Unrestricted Stock Awards

Grant or Sale of Unrestricted Stock. The Administrator may grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award under the Plan. An Unrestricted Stock Award is an Award pursuant to which the grantee may receive shares of Stock free of any restrictions under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

Section 10. Cash-Based Awards

Grant of Cash-Based Awards. The Administrator may grant Cash-Based Awards under the Plan. A Cash-Based Award is an Award that entitles the grantee to a payment in cash upon the attainment of specified performance goals. The Administrator shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Administrator shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Administrator. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash.

Section 11. Dividend Equivalent Rights

(a) Dividend Equivalent Rights. The Administrator may grant Dividend Equivalent Rights under the Plan. A Dividend Equivalent Right is an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other Award to which it relates) if such shares had been issued to the grantee. A Dividend Equivalent Right may be granted hereunder to any grantee as a component of an award of Restricted Stock Units or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Certificate. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of another Award shall provide that such Dividend Equivalent Right shall be settled only upon vesting, settlement or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award.

(b) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 16 below, in writing after the Award is issued, a grantee's rights in all Dividend Equivalent Rights shall automatically terminate upon the grantee's termination of employment (or cessation of Service Relationship) with the Company and its Subsidiaries for any reason.

Section 12. Transferability of Awards

(a) Transferability. Except as provided in Section 12(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Administrator Action. Notwithstanding Section 12(a), the Administrator, in its discretion, may provide either in the Award Certificate regarding a given Award or by subsequent written approval that the grantee (who is an employee or director) may transfer his or her Non-Qualified Stock Options to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award. In no event may an Award be transferred by a grantee for value.

(c) Family Member. For purposes of Section 12(b), "family member" shall mean a grantee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the grantee's household (other than a tenant of the grantee), a trust in which these persons (or the grantee) have more than 50 percent of the beneficial interest, a foundation in which these persons (or the grantee) control the management of assets, and any other entity in which these persons (or the grantee) own more than 50 percent of the voting interests.

(d) Designation of Beneficiary. To the extent permitted by the Company, each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

Section 13. Tax Withholding

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. The Administrator may require the Company's tax withholding obligation to be satisfied, in whole or in part, by the Company withholding from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due; provided, however, that the amount withheld does not exceed the maximum statutory tax rate or such lesser amount as is necessary to avoid liability accounting treatment. For purposes of share withholding, the Fair Market Value of withheld shares shall be determined in the same manner as the value of Stock includable in income of the grantees. The Administrator may also require the Company's tax withholding obligation to be satisfied, in whole or in part, by an arrangement whereby a certain number of shares of Stock issued pursuant to any Award are immediately sold and proceeds from such sale are remitted to the Company in an amount that would satisfy the withholding amount due.

Section 14. Section 409A awards

Awards are intended to be exempt from Section 409A to the greatest extent possible and to otherwise comply with Section 409A. The Plan and all Awards shall be interpreted in accordance with such intent. To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the Award shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a grantee who is then considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee's separation from service, or (ii) the grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any 409A Award may not be accelerated except to the extent permitted by Section 409A.

Section 15. Termination of Service Relationship, Transfer, Leave of Absence, etc.

(a) Termination of Service Relationship. If the grantee's Service Relationship is with an Affiliate and such Affiliate ceases to be an Affiliate, the grantee shall be deemed to have terminated his or her Service Relationship for purposes of the Plan.

(b) For purposes of the Plan, the following events shall not be deemed a termination of a Service Relationship:

(i) a transfer to the employment of the Company from an Affiliate or from the Company to an Affiliate, or from one Affiliate to another; or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

Section 16. Amendments and Termination

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall materially and adversely affect rights under any outstanding Award without the holder's consent. Except as provided in Section 3(b) or 3(c), without prior stockholder approval, in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights, effect repricing through cancellation and re-grants or cancellation of Stock Options or Stock Appreciation Rights in exchange for cash or other Awards or effect cash buyouts of underwater Stock Options or Stock Appreciation Rights. To the extent required under the rules of any securities exchange or market system on which the Stock is listed or to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, Plan amendments shall be subject to approval by Company stockholders. Nothing in this Section 16 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(b) or 3(c).

Section 17. Status of Plan

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

Section 18. General Provisions

(a) No Distribution. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

(b) Issuance of Stock. To the extent certificated, stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any evidence of book entry or certificates evidencing shares of Stock pursuant to the exercise or settlement of any Award, unless and until the Administrator has determined, with advice of counsel (to the extent the Administrator deems such advice necessary or advisable), that the issuance and delivery is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. Any Stock issued pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Administrator may place legends on any Stock certificate or notations on any book entry to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that an individual make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(c) Stockholder Rights. Until Stock is deemed delivered in accordance with Section 18(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of a Stock Option or any other action by the grantee with respect to an Award.

(d) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(e) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policies and procedures, as in effect from time to time.

(f) Clawback Policy. Awards under the Plan shall be subject to the Company's clawback policy, as in effect from time to time.

Section 19. Effective Date of Plan

This Plan shall become effective upon stockholder approval in accordance with applicable state law, the Company's bylaws and articles of incorporation, and applicable stock exchange rules. No grants of Stock Options and other Awards may be made hereunder after December 14, 2030 and no grants of Incentive Stock Options may be made hereunder after September 9, 2030.

Section 20. Governing Law

This Plan and all Awards and actions taken thereunder shall be governed by, and construed 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, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS:

DATE APPROVED BY STOCKHOLDERS:

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

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended July 31, 2023
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.)**

970 Park Pl., Suite 200, San Mateo, California, 94403
(Address of principal executive offices, including zip code)
(650) 357-9100
(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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

The aggregate market value of common stock held by non-affiliates of the registrant, computed by reference to the closing price at which the common stock was sold on January 31, 2023, the last business day of the registrant's most recently completed second fiscal quarter, as reported on the New York Stock Exchange, was approximately $3.6 billion. Shares of common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status does not reflect a determination that such persons are affiliates of the registrant for any other purpose.

On August 31, 2023, the registrant had 81,440,720 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2023 Annual Meeting of Stockholders are incorporated by reference into Part III of this report where indicated. Such Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

Guidewire Software, Inc.

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FORWARD-LOOKING STATEMENTS

The sections titled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as other parts of this Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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, services, 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 "Risk Factors," and elsewhere in this Annual Report on Form 10-K. Many of the forward-looking statements are located in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The forward-looking statements contained in this Annual Report on Form 10-K are based on information available to us as of the filing date of this Annual Report on Form 10-K 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 Annual Report on Form 10-K 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.

SUMMARY OF MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

The principal risks and uncertainties affecting our business include the following:

- growth prospects of the property and casualty ("P&C") insurance industry and our company;
- the developing market for subscription services and uncertainties attendant on emerging sales and delivery models, including the migration of our existing term license customers to cloud-based offerings on a subscription basis or failure to meet stipulated service levels with our subscription services;
- trends in and timing of future sales, including the mix between license and subscription revenue and seasonality;
- our competitive environment and changes thereto;
- competitive attributes of our software applications and delivery models;
- change in our revenue mix resulting in potential declines in our subscription and support gross margin or our services gross margin;
- our reliance on orders from a relatively small number of customers in the P&C insurance industry for a substantial portion of our revenue and Annual Recurring Revenue ("ARR");
- our gross and operating margins and factors that affect such margins, including costs related to operating, securing, and enhancing our subscription services;
- the timing and number of professional services engagements and the billing rates and utilization of our professional services employees and contractors;
- challenges to further increase sales both in the United States and internationally;
- potential failure of any of our established services or products to satisfy customer demands or to maintain market acceptance;
- 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;

- our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that result in increased cost of revenue, decreased revenue, and lower average selling prices and gross margins;
- our business depends on customers renewing and expanding their license, support, and subscription contracts for our services and products;
- potential inability to develop, introduce, market, and localize new and enhanced versions of our services and products;
- effectiveness of our research and development and cloud operations investment and efforts;
- our ability to comply with current and evolving local and foreign data privacy laws, including the General Data Protection Regulation in the European Union ("EU") and in the United Kingdom ("U.K.") and the California Consumer Privacy Act, the California Privacy Rights Act, and regulations in various other jurisdictions in the United States and abroad, and maintain the security of our customer's data, our cloud-based services or products, and the related costs and liabilities that we may incur;
- retaining existing and hiring new personnel;
- expenses to be incurred, and benefits to be achieved, from our acquisitions;
- our provision for tax liabilities, judgments related to revenue recognition, and other critical accounting estimates;
- the timing and amount of any share repurchases by us;
- the impact of new or revised regulations, laws, including tax laws in jurisdictions in which we operate, and accounting standards;
- our ability to apply accounting guidance that requires management to make estimates and assumptions and to adapt to and interpret the requirements of new guidance, or to clearly explain to stockholders how new guidance affects reporting of our results of operations;
- our exposure to market risks, including geographical and political events such as the ongoing conflict between Russia and Ukraine, supply chain disruptions and inflation, that may negatively impact our customers, partners, and vendors or our business operations;
- data privacy concerns could result in regulatory changes and impose additional costs and liabilities on us and limit our use of information;
- the effect of uncertainties related to the recent global pandemic and any mutations or related strains of harmful viruses on the U.S. and global economies, our business, our employees, results of operations, financial condition, demand for our products, sales and implementation cycles, and the health of our customers' and partners' businesses;
- data security breaches of our cloud-based services or products or unauthorized access to our customers' or employees' data;
- our stock price may be volatile, which could result in securities class action litigation against us;
- our ability to successfully defend litigation brought against us; and
- our ability to satisfy future liquidity requirements.

The summary risk factors described above should be read together with the text of the Risk Factors included in Item 1A of Part I of this Annual Report on Form 10-K and the other information set forth in this Annual Report on Form 10-K, including our consolidated financial statements and related notes thereto, as well as in other documents that we file with the U.S. Securities and Exchange Commission (the "SEC"). Additional risks and uncertainties, beyond those summarized above or discussed elsewhere in this Annual Report on Form 10-K may apply to our business, activities, or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate.

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."

Item 1. Business

Overview and Purpose

Guidewire delivers a leading platform that property and casualty ("P&C") insurers trust to engage, innovate, and grow efficiently. Guidewire's platform combines core operations, digital engagement, analytics, machine learning, and artificial intelligence ("AI") applications delivered as a cloud service or self-managed software. We began our principal operations in 2001.

Our core operational services and products are InsuranceSuite Cloud, InsuranceNow, and InsuranceSuite for self-managed installations. These services and products are transactional systems of record that support the entire insurance lifecycle, including insurance product definition, distribution, underwriting, policyholder services, and claims management. Our digital engagement applications enable digital sales, omni-channel service, and enhanced claims experiences for policyholders, agents, vendor partners, and field personnel. Our analytics offerings enable insurers to manage data more effectively, gain insights into their business, drive operational efficiencies, and underwrite new and evolving risks. To support P&C insurers globally, we have localized, and will continue to localize, our platform for use in a variety of international regulatory, language, and currency environments.

Our customers range from some of the largest global insurance companies or their subsidiaries to predominantly national or local insurers that serve specific states and/or regions. 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 throughout the world.

Because our platform is critical to our new and existing customers' businesses, their decision-making and product evaluation process is thorough, which often results in an extended sales cycle. These evaluation periods can extend further if a customer purchases multiple services and products or is considering a move to a cloud-based subscription for the first time. Sales to new customers also involve extensive customer due diligence and reference checks. The success of our sales efforts relies on continued improvements and enhancements to our current services and products, the introduction of new services and products, efficient operation of our cloud infrastructure, continued development of relevant local content and automated tools for updating content, and successful implementations and migrations.

We sell our cloud-delivered offerings through subscription services and our self-managed products through term licenses. We generally price our services and products based on the amount of Direct Written Premium ("DWP") that will be managed by our platform. Our subscription, term license, and support fees are typically invoiced annually in advance. Subscription services are generally sold with an initial term of between three and five years with optional annual renewals commencing after the initial term. Subscription revenue is recognized on a ratable basis over the committed term, once all revenue recognition criteria are met including providing access to the service. Term licenses are primarily sold with an initial two-year committed term with optional annual renewals commencing after the initial term. 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. 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. Our support revenue is generally recognized ratably over the committed support term of the licensed software. Our support fees are typically priced as a fixed percentage of the associated license fees. We also offer professional services, both directly and through SI partners, to help our customers deploy, migrate, and utilize our platform, services, and products. A majority of our services revenue is billed monthly on a time and materials basis.

Industry Background

The P&C insurance industry is large, fragmented, highly regulated, and complex. It is also highly competitive, with insurers competing primarily on product differentiation, pricing options, customer service, marketing and advertising, affiliate programs, and channel strategies.

P&C insurers modernize their transactional core systems to manage key functional areas of P&C insurance, including product definition, underwriting and policy administration, claims management, and billing. Product definition specifies the insurance coverage, pricing, and financial and legal terms of insurance policies. Underwriting and policy administration includes collecting information from potential policyholders, determining appropriate coverages and terms, pricing policies, issuing policies, and updating and maintaining policies over their lifetimes. Claims management includes loss intake, investigation and evaluation of incidents, settlement negotiation, vendor management, litigation management, and payment processing. Billing includes policyholder invoicing, payment collection, and agent commission calculation. We believe insurers that adopt modern core systems can enhance customer experience, operate more efficiently, and introduce innovative services and products more rapidly.

We believe the P&C insurance industry is experiencing accelerating change in how insurers engage with, sell to, and manage relationships with consumers and businesses. Today, P&C insurers are striving to respond to significant changes in their competitive marketplace and the character of the risks they underwrite. The most significant changes include:

- an industry rapidly going through change that requires agility and efficiency from its core systems;
- an increase in catastrophes and natural disasters impacting the P&C insurance industry that requires agility and efficiency from its core systems;
- a rise in customer expectations for digital, mobile, and omni-channel interaction rather than the traditional agent model;
- a need for 100% digital engagement capabilities;
- a growth in demand for personalized services and products;
- an increase in technology and market-driven changes in vehicular risk, including usage and driving habit based insurance;
- an increase in consolidation of providers of insurance products and associated rationalization of markets served given recent claims ratio trends and developments;
- demand for coverage of emerging risks such as terrorism, cybersecurity, pandemic, and reputational risk;
- a wealth of data and desire to harness data to improve and grow business;
- advances in the use of data and analytics to better market to and engage with customers, price policies, and manage claims;
- development of opportunities to compete or partner with non-traditional players that offer disruptive technology-based value propositions;
- established industry leaders are facing increased competition from new entrants in the market, including insurtech companies; and
- the introduction and leveraging of new technologies, such as drones, generative AI, large language models, the “Internet of Things,” chatbots, and telematics.

Many of these trends, such as digital engagement capabilities and data analytics, have increased in importance as a result of the recent pandemic and the resulting change to a more hybrid world. In response to these trends, changes, challenges, and opportunities, we believe that P&C insurers need a core system that can increase agility and enhance digital engagement and analytics offerings.

While each insurer may have different goals and priorities when pursuing new technology investments, there are several major themes that we believe guide these investments:

- <u>Digital Engagement Models</u>. We believe that insurers will need to provide a more intuitive, digital user experience to reduce the risk of customer dissatisfaction and loss. Investment in digital user experience will allow insurers to deepen their engagement with customers and transition from passive and transactional customer interactions to active and advisory relationships. This transition will require investments in software services and products that are designed to model user journeys and enable more frequent, informed, and dynamic interactions between insurers and their customers. We believe these efforts can improve financial performance for insurers through increased lead conversions and lower customer churn.
- <u>Cloud-Delivered Solutions</u>. We believe that increased recognition of the compelling economic benefits of deploying software solutions on public infrastructure combined with increased confidence in the security and reliability of such platforms will cause more insurers to consider cloud-deployed solutions. Insurers benefit from an optimized division of labor and risk and allowing third parties to manage their infrastructure as they focus on competitively differentiating activities.
- <u>Data Driven Decision-Making</u>. Insurers are seeking to explore, visualize, and analyze proprietary and third-party data to optimize decision-making across the insurance lifecycle. We believe that such predictive analytical solutions are most effective when they provide predictive scores and other analytical insights to insurers’ employees as they perform their underwriting and claims management activities. Insurers may also apply data

and machine learning or AI to automate certain tasks whenever possible, thereby enabling efficiencies, such as straight-through processing, that lessen the burden on subject matter experts.

- Innovation. Insurers are under pressure to innovate across their product lifecycle in order to grow their business and improve service quality. Examples of focus areas include creating services and products to target under-insured risks such as cyber, supply chain disruption, and reputational risk and partnering with insurtech providers to streamline operations and improve service to policyholders and agents.
- Legacy System Modernization. A significant portion of the market continues to rely on legacy systems. We believe new claims, policy management, and billing systems will continue to be adopted as insurers that rely on legacy systems seek to gain operating efficiencies, expand into new markets and lines of business, and introduce new digital and data offerings.

Products

Guidewire is designed so that insurers can increase revenue, reduce operational costs and losses, improve pricing, and engage with a customer base that increasingly demands convenience and automated forms of self-service and communication. We are investing in research and development to accelerate improvements in our cloud platform services, products, and marketplace to better serve our customers.

Core Operational Services and Products

We offer the following core operational services and products: Guidewire InsuranceSuite Cloud, Guidewire InsuranceNow, and Guidewire InsuranceSuite for Self-Managed.

Guidewire InsuranceSuite Cloud

Guidewire InsuranceSuite Cloud is comprised of three primary applications (PolicyCenter Cloud, BillingCenter Cloud, and ClaimCenter Cloud) delivered via GWCP. InsuranceSuite Cloud applications can be licensed separately or together and are designed to support multiple releases each year to ensure that cloud customers remain on the latest version and gain fast access to our innovation efforts. InsuranceSuite Cloud is hosted on Amazon Web Services (“AWS”) and managed by our internal cloud operations team.

Guidewire PolicyCenter Cloud is our flexible underwriting and policy administration application that serves as a comprehensive system-of-record supporting the entire policy lifecycle, including product definition, underwriting, quoting, binding, issuance, endorsements, audits, cancellations, and renewals. Guidewire BillingCenter Cloud automates the billing lifecycle, enables the design of a wide variety of billing and payment plans, manages agent commissions, and integrates with external payment systems. Guidewire ClaimCenter Cloud is a complete end-to-end claims management solution that offers core claims functionality. These primary applications also include predictive analytics that drive smart decisions, digital engagement, and an ecosystem of partners and insurtechs.

GWCP is a Guidewire-developed infrastructure layer built on top of AWS that provides specialized cloud services, including multi-tenant cloud-native services that support the core operational services and integration of digital experiences and analytics. The Guidewire Data Platform is a P&C insurance-specific data repository, built on GWCP, which collects data from InsuranceSuite Cloud and InsuranceNow, as well as other internal and external sources, to provide analytical insights across the insurance lifecycle for our customers. The Guidewire Data Platform powers all analytical applications. Additionally, we provide tools for automation and self-service of routine implementation and deployment tasks to increase our customers’ agility while providing performance, availability, privacy, and security. Given the specialized needs of the P&C insurance industry, we have developed a scalable cloud architecture that combines these multi-tenant cloud services and tools with the ability to isolate each customer’s system of record and database instances. This approach provides our customers with the benefits of cloud-native infrastructure and services and the flexibility to provide differentiated services to their customers.

Guidewire InsuranceNow

Guidewire InsuranceNow is a complete, cloud-based core system for P&C insurers in the United States, delivered via GWCP, offering policy, billing, and claims management functionality, plus pre-integrated document production, analytics, and other capabilities, that increases agility without adding complexity. InsuranceNow is hosted on AWS and managed by our internal cloud operations team.

Guidewire InsuranceSuite for Self-Managed

Guidewire InsuranceSuite for Self-Managed is comprised of three primary applications (PolicyCenter, BillingCenter, and ClaimCenter) that can be licensed separately or together and can be deployed and updated by our customers and their implementation partners on their premises or in a third-party cloud infrastructure.

Guidewire InsuranceSuite: Complementary Capabilities and Applications

We offer several complementary capabilities and applications, some of which are included in the core operational services and products, designed to work seamlessly with our core operational services and products, including:

Guidewire Rating Management

Guidewire Rating Management enables P&C insurers to manage the pricing of their insurance services and products.

Guidewire Reinsurance Management

Guidewire Reinsurance Management enables P&C insurers to use rules-based logic to execute their reinsurance strategy through their underwriting and claims processes.

Guidewire Client Data Management

Guidewire Client Data Management helps P&C insurers capitalize on customer information more coherently, overcoming traditional siloed practices that impair efficiency and customer service.

Guidewire Advanced Product Designer

Guidewire Advanced Product Designer is a cloud-native application for insurance product design and management across the complete insurance lifecycle. It enables insurers to launch and update products quickly by providing visual product development tools, prebuilt product model templates, product management capability, and auto generated product code.

Guidewire Product Content Management

Guidewire Product Content Management provides software tools and standards-based, line-of-business templates to enable insurers to more rapidly introduce and modify services and products by reducing product configuration and maintenance efforts. Any such product introduction or modification must connect to and incorporate regulatory or industry-standard data and content, such as Insurance Services Office (“ISO”) or National Council on Compensation Insurance (“NCCI”) content.

Guidewire Underwriting Management

Guidewire Underwriting Management is a cloud-based, integrated business application designed for commercial and specialty line insurers to drive premium growth and profit from better underwriting. This feature-rich workstation delivers straight-through processing, exception-based underwriting, real-time collaboration, and knowledge management in one integrated solution. Guidewire Underwriting Management is typically sold alongside Guidewire PolicyCenter, although it functions with other policy administration systems as well.

Guidewire AppReader

Guidewire AppReader is a submission intake management solution that enables P&C insurers to process Association for Cooperative Operations Research and Development (“ACORD”) forms faster and more accurately than with manual processes or traditional upload solutions. AppReader is available for both Guidewire Underwriting Management and Guidewire PolicyCenter.

Guidewire ClaimCenter Package for the London Market

Guidewire ClaimCenter Package for the London Market supports the claims workflow used by London Market insurers and brokers. Integration of London Market Electronic Claims File (“ECF”) Write-Back lets insurers perform tasks and interact with the central industry market Claims Loss and Advice Settlement system directly from Guidewire ClaimCenter through message queues.

Digital Engagement

Guidewire Digital Engagement Applications

Our Digital Engagement Applications enable insurers to provide digital experiences to customers, agents, vendors, and field personnel through their device of choice. As consumers increasingly use self-service functions on the internet and on mobile devices, we believe that many of them prefer to interact with their insurance providers digitally and that they expect to have a consistent and efficient transactional experience through multiple channels, whether online, in-person or by phone. Our Digital Engagement Applications also benefit agents and brokers who are seeking to automate business processes with insurers to improve customer service and productivity. In order to provide a holistic experience, Digital Applications are unified with InsuranceSuite.

Guidewire for Salesforce

Guidewire for Salesforce integrates Guidewire core systems with Salesforce for insurance carrier agents and service representatives. It provides customer information regarding their policies and claims.

Data, Analytics, and Artificial Intelligence

We offer a variety of applications that allow insurers to uncover hidden opportunities and write more profitable business by enabling a seamless path from data to value.

Guidewire Predict

Guidewire Predict is a P&C-specific machine-learning platform that empowers insurers to make intelligent data-driven decisions throughout the insurance lifecycle. By building (or importing) predictive models built from multiple data sets, designing comprehensive solutions, and operationalizing the predictive insights, Predict allows insurers to rapidly turn any model into business value by delivering guidance to frontline decision makers. Predict for Claims helps customers to better manage claim indemnity and loss-adjustment expenses. Predict for Profitability improves pricing accuracy and customer satisfaction.

Guidewire HazardHub

Guidewire HazardHub allows insurers to understand, assess, price, and manage property risk quickly and intelligently. HazardHub provides a single source of geospatial risk data, and provides access to more than 950 risk variables, including perils from air, water, earth, and fire. HazardHub is a cloud-native solution delivered through an Application Programming Interface (“API”) that provides access to this information for any personal or commercial property located in the United States, and has the ability to evaluate an entire portfolio for property risk.

Guidewire Canvas

Guidewire Canvas is a cloud-native application included with ClaimCenter Cloud. It features an interactive map that enables claims management and catastrophe response teams to geo-visualize claims to help improve customer satisfaction and reduce indemnity by proactively responding to storm events.

Guidewire Compare

Guidewire Compare is a cloud-native application included with ClaimCenter Cloud that monitors key claims measures and gives feedback on how those compare against peer insurers in the Guidewire community, or within a single insurer across regions or over time. Compare allows claims organizations to increase their processing efficiency by monitoring key claims measures such as indemnity, expenses, cycle times, reserves, salvage, subrogation, percentage closed, catastrophe, and litigated.

Guidewire Explore

Guidewire Explore is a cloud-native application that gathers and curates InsuranceSuite data in near real-time to augment decision making inside and outside InsuranceSuite. Explore includes free-form search across the data set, along with visualizations and dashboards for common business metrics. It allows business users to examine operational claims data, underwriting management data, and operational policy data.

Guidewire Cyence

Guidewire Cyence is a cyber-risk economic modeling product that helps P&C insurers accurately measure the financial impact of cyber risk on their customers. It does this by capturing data about cyber threats from more than 400 sources, including public data, open-source data, proprietary, and third-party data. Cyence then curates and analyzes the data through AI and machine-learning statistical models to extract meaningful signals. Based on these models, Cyence produces insights delivered through reports that will predict the likelihood and economic impact of cyber attacks on a target company or individual. This can be used for underwriting, pricing, and developing cyber insurance products.

Guidewire DataHub and InfoCenter

Guidewire DataHub is an operational data store that unifies, standardizes, and stores data from the patchwork of insurer's systems as well as from external sources. It is available for self-managed and InsuranceSuite Cloud customers.

Guidewire InfoCenter is a business intelligence warehouse for P&C insurers that provides information in easy-to-use formats for business intelligence, analysis, and enhanced decision making. With Guidewire InfoCenter, insurers gain flexible operational insights as well as the ability to optimize their business.

Guidewire Marketplace

The Guidewire Marketplace is where insurers find trusted applications and content that complement the Guidewire platform from our PartnerConnect partners, as well as from Guidewire product and services teams. These applications and content help insurers to rapidly innovate and differentiate their businesses by allowing them to leverage capabilities provided by the Guidewire ecosystem to meet their business goals. The Guidewire Marketplace also empowers customers pursuing innovation initiatives by providing access to a curated collection of insurtech applications. As of July 31, 2023, the Guidewire Marketplace had over 210 partner-developed integrations that have been awarded Ready for Guidewire validation and hundreds of Guidewire-developed resources available for download. We are continually expanding the breadth of functionality and depth of partnerships in the Guidewire Marketplace.

Technology

We have increased the scope of our platform and business through internal development and acquisitions. This growing scope has required greater investment in the development of application interfaces and shared services necessary to unify the operations and user experience across our applications. The prioritization of cloud-delivered solutions has also required significant focus in improving our ability to manage, secure, and operate our applications since our cloud-based deployments, unlike our self-managed implementations, shift many operational responsibilities to us.

Our cloud infrastructure is designed to maximize the security, stability, scalability and efficiency of our applications. Our cloud infrastructure leverages AWS, provides services hosted in AWS regions worldwide, and is tailored to provide both the benefit of cloud subscription services delivered in a cloud-native multi-tenant model while still providing insurers with the ability to configure and extend their applications via single-tenant environments which are easily managed via Guidewire Cloud Console. All of our cloud services and products comply with standards set by ISO, AICPA, and PCI SSC.

Finally, we continue to improve the scalability of our service, which performs millions of complex, business-critical transactions daily. The accuracy and availability of our services must be maintained not only during normal business operations, but also during extraordinary events such as catastrophes, which may result in extremely high transaction volume in a short period of time.

Services

We provide implementation, cloud migration, and integration services to help our customers realize the benefits of our cloud-based services and software products. Our delivery services teams assist customers in building implementation or migration plans, integrating our software with their existing systems, and defining business rules and specific requirements unique to each customer. We also partner with leading SI consulting firms, certified on our software, to achieve scalable, cost-effective implementations for our customers.

Our investments in services and partners are designed to ensure customer success by committing additional resources to both cloud-based and self-managed implementation projects.

Customer Support

We provide support for our subscription customers as part of our subscription services and to our license customers for an annual fee based on a percentage of the license fees. Subscription services also include regular updates to Guidewire software to ensure that Guidewire Cloud customers can easily access our latest innovations. New capabilities are often toggled-off so that customers can activate them at the right time for their businesses. This enables our customers to deliver improvements at a steady pace, optimized for their employees and customers.

Our subscriptions include Guidewire Cloud Assurance Services, which provides for review of all configurations and integrations to ensure they follow published standards, best practices and required security methodologies. Furthermore, our internal cloud operations team monitors application performance and our customer success team works directly with customers to optimize adoption, user experience, and business requirements.

Employees and Human Capital Resources

Our business requires attracting, developing, and retaining a motivated team of individuals who thrive in a culture based on integrity, rationality, and collegiality and that embraces diversity, inclusion, and belonging. Understanding and proactively anticipating the priorities and needs of our current and future employees is important to realizing our mission to be the platform P&C insurers trust to engage, innovate, and grow efficiently.

As of July 31, 2023, we had 3,415 employees, including 1,717 in global product development and operations (comprised of research and development, cloud operations, and technical support), 784 in professional services, 463 in sales and marketing, and 451 in general and administrative roles. As of July 31, 2023, we had 1,709 employees in the United States and 1,706 employees internationally.

Attracting, Developing, and Retaining Employees

Our recruiting, development, and retention objectives focus on providing an optimal employee experience and culture across the employee life cycle from recruitment to retirement, and involves attracting skilled and engaged employees who contribute the talent and diverse perspectives critical to our innovative, forward-looking, and inclusive workforce. Our recruiting process actively sources diverse talent and is designed to reduce bias, supporting our ability to hire candidates with professional qualifications, personal potential, and differing perspectives. Our flexible work policies expand our ability to hire and retain talent in geographies where we do not have physical offices. Fostering career progression by encouraging regular professional education empowers our employees to pursue their professional goals, which is critical to developing and retaining our employees. We invest in broad-based development for all of our employees in various ways such as skills-building programs, on-demand learning options, mentoring programs, and leadership development courses. In an effort to create more development opportunities for all employees, we are currently expanding our mentoring and leadership development programs. We gauge progress and efficacy, identify opportunities for change, and pursue solutions through tracking and analyzing data from various sources such as annual talent reviews, employee feedback, and our progress toward hiring and promotion goals in our development, diversity and inclusion plans.

Diversity, Inclusion, and Belonging

We believe that understanding and respecting another's perspective, experience, background, and beliefs provides an opportunity to expand horizons, challenge complacency, and foster empathy. Diversity of perspective, experience, background, and beliefs fuel our innovative, collaborative, and engaged workplace. We aim for the highest standards of fairness and equal opportunity in recruitment, hiring, promotions, job assignments, and compensation. Initiatives to create greater diversity and belonging among our employees include inclusive recruiting and outreach programs for diverse candidates, employee resource groups ("ERGs"), and management-led listening circles. Our ERGs are employee-led and comprised of volunteers who represent common interests, experiences, backgrounds, or demographics. As of the end of fiscal year 2023, we had eight ERGs including Women's Leadership, African Ancestry, LGBTQ+ and Allies, Asian and Pacific Islander, Latinx and Hispanic, Early Career Professionals, Visible or Invisible Disabilities, and Veterans groups.

Guidewire Gives Back ("GGB") is a program focused on investing in local communities where we operate by encouraging employee volunteerism, philanthropy, and social impact investment. The GGB program is centered around employee engagement and community impact through volunteer hours from the Guidewire community and financial donations, both of which are geared toward making a measurable difference. The GGB strategy, programs, and collaborative partnerships reflect employees' passions and embody Guidewire's corporate mission as well as our customers' purpose.

Corporate Culture

Our employees are critical to our success, and we believe creating an inclusive culture is essential to attracting and retaining engaged employees. Our values of integrity, rationality, and collegiality are the foundation of how we work with one another. We incorporate a wide variety of communication and training activities to encourage collaboration amongst our colleagues around the world. We measure the program's efficacy and identify opportunities for improvements through an engagement survey distributed annually, with the last survey completed in July 2023 and periodic pulse surveys to elicit feedback.

Health and Wellness

We believe a healthy, engaged, and high-performing workforce is part of our competitive advantage. We want all of our employees to thrive, and we regularly re-evaluate how to best support our employees' wellness, health, and safety through management systems, policies, and programs that encompass our global operations. Our current benefit and wellness programs drive engagement that positively impacts our culture, job satisfaction, recruiting, and retention programs. In response to the recent pandemic, we expanded our physical, mental, and family health programs and informational outreach through professional development opportunities and personal empowerment, safe and healthy workspaces, wellness initiatives (including physical, emotional, and mental health), fair compensation, benefits, and recognition. Additionally, we have transitioned to a hybrid work environment in which a significant portion of our workforce works either in-person on a part-time basis or remotely on a permanent basis.

Employee Relations

Our employees in the United States are not represented by a labor union; however, in certain foreign locations, there are workers' councils that represent our employees. We have not experienced any work stoppages, and we consider our relations with our employees to be good. We recognize the critical role that our supervisors and managers play in fostering a productive, inclusive and respectful work environment, and we encourage employees to work directly with their supervisors, where possible, to efficiently and effectively resolve workplace concerns. We also respect our employees' rights to voluntarily establish and join unions and similar associations without unlawful interference. We strive to work collaboratively with the councils and associations that represent our workers.

Customers

We market and sell our services and products to a wide variety of global P&C insurers ranging from some of the largest global insurers to national, regional, and state companies. We believe strong customer relationships are a key driver of our success given the long-term nature of our customer engagements and importance of customer references for new sales. We focus on developing and maintaining our customer relationships through customer service and account management. Customers are defined as entities that have placed orders for our services or products. In some instances, a parent corporation can have multiple entities, or insurance brands, that place orders for our services or products and, in other instances, customers are in industries adjacent to the insurance industry and do not have an insurance brand. As of July 31, 2023, we had approximately 580 customers representing approximately 540 insurance brands in 40 countries.

Strategic Relationships

We have extensive relationships with SI, consulting, technology, and industry partners. Our network of partners has expanded as interest in and adoption of our platform has grown. 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 and enabling us to focus our resources on continued innovation and further enhancement of our solutions.

We work closely with our network of third-party SI partners to facilitate new sales and implementations of both our subscription services and self-managed products. Our partnerships with leading SI partners allow us to increase efficiency and scale while reducing customer implementation costs. We continue to invest time and resources to increase the number of qualified consultants employed by our SI partners, develop relationships with new partners in existing and new markets, and ensure that all SI partners are qualified to assist with implementing our services and products. We believe this model will continue to serve us well, and we intend to continue to expand our network of 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.

As part of our PartnerConnect alliance program, we have a community of solution partners developing integrations that enable software and insurance business solutions to interoperate with our services and products, many of which are in the Guidewire Marketplace. These integrations help customers reduce implementation risk and effort, and lower the total cost of implementation and operation.

Sales and Marketing

Consistent with our industry focus and the mission-critical needs our services and products address, our sales and marketing efforts are tailored to communicate effectively to senior executives within the P&C insurance industry. Our sales, marketing, customer success, and executive teams work together to cultivate long-term relationships with current and prospective customers in each of the geographies in which we are active.

Our direct sales team serves as both our exclusive sales channel and our account management function and is organized by geographic region across the Americas, EMEA, and APAC. We augment our sales professionals with a pre-sales team possessing insurance domain and technical expertise, who engage customers to understand their specific business needs and then represent our services and products through demonstrations tailored to address those needs.

Our marketing team supports sales with competitive analysis and sales tools, while investing to strengthen our brand name and reputation. We participate at industry conferences, are published frequently in the industry press, and have active relationships with all of the major industry analysts. We also host Connections, our annual user conference where customers both participate in and deliver in-person and virtual presentations on a wide range of Guidewire and insurance technology topics. We invite potential customers and partners to our user conference, as we believe customer references are a key component of driving new sales. Our strong relationships with leading system integrators enhance our direct sales through co-marketing efforts and by providing additional market validation of the distinctiveness and quality of our offerings.

Research and Development

Our research and development efforts focus on enhancing our platform, services, and products to meet the complex requirements of P&C insurers with a focus on capabilities, operational efficiency, data analytics, security, and privacy in the cloud. These efforts are intended to help our customers improve their operations; drive greater digital engagement with their customers, agents, and brokers; and gather, store and analyze data to improve business decisions. We also invest significantly in developing our services and products and necessary integrations to meet the market requirements, including regulations, language, currency, and local terminology, of each country or state in which our customers operate. This market-segment specific functionality must be updated regularly in order to stay current with regulatory changes in each market. We rely on a multi-national engineering team, which has grown organically and through acquisitions.

Our investments in cloud operations are focused on managing the infrastructure for our cloud-based customers in a secure, efficient, and cost-effective manner.

Competition

The software market that caters to the P&C insurance industry is highly competitive and fragmented. Increased spending by insurers on software solutions and the emergence of new platforms that have broadened from core system modernization to new digital engagement and data and analytics solutions have generated significant interest among investors and entrepreneurs. Increased capital allows market participants, or potential market participants such as insurtech companies, to adopt more aggressive go-to-market strategies, improve existing services or products, introduce new services or products, develop innovative solutions that disrupt the market, and consolidate with other vendors. This market is also subject to changing technology preferences, shifting customer needs, and the adoption of cloud deployed solutions. These factors create an environment of increasing competition. Our current and future competitors vary in size and in the breadth and scope of the services or products they offer. As we expand our product portfolio, we may begin to compete with software and service providers we have not traditionally competed against. Our current competitors include, but are not limited to, customers' internally developed proprietary solutions; P&C insurance software vendors such as Duck Creek, EIS Group, Insurity, Majesco, Origami Risk, and Sapiens; and horizontal software vendors such as SAP SE and Salesforce.

Competitive factors in our industry depend on the product being offered and the size, geographic market, and line of business of potential customers. The principal competitive factors include product functionality, performance, customer references, total cost of ownership, solution completeness, implementation track record, security and in-depth knowledge of the P&C insurance industry. We typically compete favorably on the basis of these factors in most geographies.

Intellectual Property

The software industry is characterized by the existence of a large number of patents and frequent claims and related litigation regarding patent and other intellectual property rights. Our success and ability to compete depend in part upon our ability to protect our proprietary technology, to establish and adequately protect our intellectual property rights, and to protect against third-party claims and litigation related to intellectual property. To accomplish these objectives, we rely on a combination of patent, trademark, copyright, and trade secret laws in the United States and other jurisdictions, as well as license agreements and other contractual protections. We own or have pending patents and patent applications, which generally apply to our software. Our owned patents have expiration dates starting in 2025. We also rely on several registered and unregistered trademarks, as well as pending applications for such registrations, in order to protect our brand both in the United States and internationally.

Information about Segment and Geographic Revenue

Information about geographic revenue is set forth in Note 2 “Revenue” and information about segment reporting is set forth in Note 13 “Segment Information” to our consolidated financial statements included in this Annual Report on Form 10-K.

Seasonality

We have experienced seasonal variations in our license revenue and, to a lesser extent, in our subscription revenue as a result of increased customer orders in our fourth fiscal quarter. We generally 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. Because we recognize revenue upfront for new term licenses and multi-year renewals compared to over time for subscription services, changes in the mix between term license and subscription services may impact our quarterly results. Additionally, any quarter in which a significant multi-year term license or multi-year term license renewal or non-renewal occurs could be impacted. As subscriptions increase as a percentage of total sales, the revenue we can recognize in the initial fiscal quarter and fiscal year of an order is reduced, deferred revenue increases, and our reported revenue growth will be adversely affected in the near term due to the ratable nature of these arrangements. The concentration of our sales in our fiscal fourth quarter increases this impact as the revenue impact of most fiscal fourth quarter subscription sales will not be realized until the following fiscal year.

Our services revenue is also subject to seasonal fluctuations, though to a lesser degree than our license revenue and subscription revenue. Our services revenue is impacted by the number of billable days in a given fiscal quarter. The fiscal 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 services professionals. Because we pay our services professionals the same amount throughout the year, our gross margins on our services revenue are usually lower in these quarters. This seasonal pattern, however, may be absent in any given year.

WHERE YOU CAN FIND MORE INFORMATION

The following filings are available to view and download free of charge on our investor relations website as soon as reasonably practicable after we file them with the SEC: Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and our Proxy Statement for our annual meeting of stockholders. Our website is located at www.guidewire.com, and our investor relations website is located at ir.guidewire.com. We also provide a link to the section of the SEC’s website at www.sec.gov that has all of our public filings, including periodic reports, proxy statements, and other information.

We provide access to a recording of our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we also provide notifications on our investor relations website of news or announcements regarding our financial performance, including SEC filings, investor events, press releases, and earnings releases. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts and RSS feeds. Corporate governance information, including our governance guidelines and code of business conduct and ethics, is also available on our investor relations website under the heading “Corporate Governance.” Corporate sustainability information, including our approach and progress in respect of environmentally and socially responsible business practices, is available on our website and is located at www.guidewire.com/corporate-sustainability. The contents of our websites, including any information contained in reports or other resources found on such websites, are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC. Any references to our websites are intended to be inactive, textual references only.

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 Annual Report on Form 10-K, 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 Annual Report on Form 10-K 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 and Industry

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:

- the impact of economic downturns and related market volatility caused by economic volatility, inflation, bank failures and associated financial instability and crises, or other national and worldwide events on our business and the businesses of our customers, partners, and vendors;
- our ability to attract new domestic and international customers and renew existing customers;
- seasonal buying patterns of our potential 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 and renewals or modifications of customer contracts;
- 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 our 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, investments in customer implementation and migration projects, or fixed fee contracts;
- our ability to enter into contracts on favorable terms, including terms related to price, payment timing, service levels, acceptance, and product delivery, especially with customers and prospects that possess substantial negotiating leverage and procurement expertise;
- the incurrence of penalties or having to renegotiate contract terms for failing to meet certain contractual obligations, including service levels, product development cycles and functionality, and implementation times and objectives;
- security and privacy concerns related to employee data, customer data, and systems that are accessed or otherwise used by our hybrid workforce and customers;
- employee retention, the ability to hire and onboard appropriate personnel, and the timing of hiring personnel and employee related expenses;
- our ability to realize expected benefits from our acquisitions and other strategic business transactions;
- reductions in our customers' budgets for information technology purchases and delays in their purchasing decisions;

- the impact of a recession or any other adverse global economic condition on our business, including pandemics, geographic and political conflicts, trade tariffs, trade agreements, and other uncertainties that may cause a delay in entering into, a failure to enter into, or cancel significant customer agreements or the fulfillment of professional service arrangements;
- adverse litigation judgments, dispute-related settlement payments, or litigation-related costs;
- future accounting pronouncements, changes in accounting rules, new tax laws or regulations, or tax interpretations and our related accounting policies, interpretations, and controls;
- fluctuations in foreign currency exchange rates; and
- the effects of inflation or deflation in the economies in which we operate, including Argentina, whose government is limiting the amount of U.S. dollars that can be sent out of the country, and their impact on interest rates, collection timeframes, and our revenue given the multi-year term of most customer agreements.

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, due to multi-year term licenses and multi-year term license renewals, increased cloud-based subscription services, timing of and billing rates for professional services engagements, and 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 generally see increased new orders in our fourth fiscal quarter, which is the quarter ending July 31, due to efforts by our sales team to achieve annual incentives. As a result, a significantly higher percentage of our annual license revenue and cash receipts have historically been recognized in our fourth fiscal quarter. 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. Generally, accounting under ASC 606 has and may continue to heighten or change the seasonal impact due to license revenue for the entire committed term of our new term licenses and multi-year term license renewals being recognized at the beginning of the agreement. Because of the upfront nature of revenue recognition for new multi-year term licenses and multi-year term license renewals, any quarter in which a significant agreement of this nature is signed, renewed, cancelled, or not renewed when scheduled to do so may be impacted.

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. Over time, this may reduce the impact of our historic revenue 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. Cash flow expectations and comparisons could also be impacted because of the ramped nature of the annual installments of these multi-year subscription services arrangements. Additionally, ARR, which reflects the annualized recurring value of active customer contracts at the end of a reporting period, will be impacted by the seasonality of new sales orders, even if the revenue is recognized ratably.

Our quarterly growth in revenue or ARR 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:

- our subscription arrangements are recognized ratably and only a portion, if any, 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, which affects ARR, but revenue is recognized ratably over the initial term;
- our term license agreements and multi-year term license renewals generally have annual billing arrangements even though revenue is recognized upfront for the entire committed term;
- as customers enter into a subscription agreement to migrate from an existing term license agreement or as we invest in certain cloud implementations to assist our customers with their migration to our cloud services, the timing of revenue recognition may be impacted by the allocation of revenue between different performance obligations;

- we may enter into agreements with future product delivery requirements, specified terms for product upgrades or functionality, acceptance terms, early termination rights, or unconditional return rights, which may require us to delay revenue recognition for a period of time; and
- revenue recognition may not occur in the period when the order is placed due to certain revenue recognition criteria not being met, such as delivery of the software or providing access to the subscription services.

Additionally, seasonal patterns may be affected by the timing of particularly large transactions and the number of renewals in a given quarter. Seasonal and other variations may cause significant fluctuations in our revenue, ARR, 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.

If we fail to successfully manage our transition to a business model focused on delivering cloud-based offerings on a subscription basis or fail to meet stipulated service levels with our subscription services, 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 change 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 be the focus of existing resources, require us to hire additional resources, and increase costs, especially in cost of subscription and support revenue, cost of services 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 third-party infrastructure in which we rely to host our subscription services, may be difficult to predict over time, especially in light of our limited experience with the costs of delivering cloud-based versions of our applications. Furthermore, we may assume greater responsibilities for implementation of subscription services due to our operating and maintaining the cloud environment for our customers. As a result, we may face risks associated with new and complex implementations or migrations, the cost of which may differ from original estimates. Our subscription contracts also contain penalty clauses, for matters such as failing to meet stipulated service levels or other contractual provisions, which represent new risks we are not accustomed to managing. Should these penalties be triggered, our results of operations may be adversely affected. These penalties and costs could take the form of monetary credits for current or future service engagements, reduced fees for additional services or products or upon renewal of existing agreements, and a customer’s renegotiation or 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 revenue than we otherwise would have recognized in the initial period of the customer agreement under term license agreements. 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 compared to prior periods. Additionally, the change in our business model and the timing of our customers’ decision to transition from self-managed licenses to cloud-based subscription services could negatively affect our ability to forecast the timing and amount of our revenue 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 continually updating our existing services and products and developing new services and 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 our current subscription agreements, 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, our customers’ ability to successfully migrate to and implement our subscription services, 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.

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 ARR, and the loss of any of these customers would significantly harm our business, results of operations, and financial condition.

Our revenue and ARR are dependent on orders from customers in the P&C insurance industry, which may be adversely affected by worldwide economic, environmental, public health, and political conditions. A relatively small number of customers have historically accounted for a significant portion of our revenue. The composition of our individual top customers has and will vary from year to year. In fiscal years 2022 and 2023, our ten largest customers in each fiscal year accounted for 23% of our revenue. Additionally, our ten largest customers based on ARR accounted for 24% of total ARR at July 31, 2023. Customers for these metrics are calculated at the parent corporation level, while our total customer count is based on entities that have placed orders for our services or products. While we expect this reliance to decrease over time as our revenue, customer base and subscription services as a percentage of revenue grows, we expect that we will continue to depend upon a relatively small number of customers for a significant portion of our revenue and ARR for the foreseeable future. As a result, if we fail to successfully sell our services and products 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 services or products, defer or cancel orders, fail to renew their license or subscription agreements or otherwise terminate or reduce their relationship with us, our business, results of operations, and financial condition would be harmed. Additionally, if one or more of these anticipated customers enters into or transitions to a subscription agreement in any particular period, or if we fail to achieve the required performance or acceptance criteria for one or more of this relatively small number of customers, our quarterly and annual results of operations may fluctuate significantly.

Recent global events have adversely affected, and may continue to adversely affect, our business, results of operations, and financial condition.

Recent global events have adversely affected and are continuing to adversely affect workforces, organizations, economies, and financial markets globally, leading to economic downturns, inflation, and increased market volatility. The ongoing conflict between Russia and Ukraine, escalating tensions in the South China Sea, inflation higher than we have seen in decades, increasing interest rates, bank failures and associated financial instability and crises, and supply chain issues have added to global economic and market volatility. Our past business and financial results, including our ARR growth rates, services revenue, and margins, were adversely impacted due to the disruptions resulting from these events. These global events have also disrupted the normal operations of our customers' businesses and our SI partners' businesses. The related impacts of recent global events on the global economy could decrease or delay technology spending and adversely affect demand for our products. Further, our sales and implementation cycles have increased and could continue to increase, which has resulted in and could result in contract terms more favorable to customers and a potentially longer delay between incurring operating expenses and the generation of corresponding revenue, if any, or difficulty in accurately forecasting our financial results. Additionally, our customers may be unable to pay outstanding invoices or may request amended payment terms due to the economic impacts from these global events and related implementation delays. As a result of these developments and the related economic impact to our business, we may be required to record impairment related to our operating lease assets, investments, long-lived assets, or goodwill. We may experience further operational challenges, including increased costs, as a portion of our workforce returns to working in person and gradually shifts to assisting customers in person, difficulty in hiring necessary personnel, and higher employee attrition. Due to the continuing and evolving nature of these global events, it is not possible for us to accurately predict the duration or magnitude of the adverse impacts and effects on our business, results of operations, or financial condition. Further, to the extent recent global events adversely affects our business, results of operations, or financial condition, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

We have transitioned to a hybrid in-person and remote workforce, which will subject us to certain operational challenges and risks and potential harm to our business.

We have transitioned to a hybrid work environment in which a significant portion of our workforce works either in-person on a part-time basis or remotely on a permanent basis. As a result, we expect to continue to be subject to the challenges and risks of having a remote workforce, as well as new challenges and risks from operating with a hybrid workforce. For example, certain security systems in homes or other remote workplaces may be less secure than those used in our offices, which may subject us to increased security risks, including cybersecurity-related events, and expose us to risks of data or financial loss and associated disruptions to our business operations. Members of our workforce who work remotely may not have access to technology that is as robust as that in our offices, which could cause the networks, information systems, applications, and other tools available to those remote workers to be more limited or less reliable than in our offices. We may also be exposed to risks associated with the locations of remote workers, including compliance with local laws and regulations or exposure to compromised internet infrastructure. Allowing members of our workforce to work remotely may create intellectual property risk if employees create intellectual property on our behalf while residing in a jurisdiction with unenforced or uncertain intellectual property laws. Further, if employees fail to inform us of changes in their work location, we may be exposed to additional risks without our knowledge. The transition to hybrid in-person as well as remote working may also subject us to other operational challenges and risks. For example, our shift to hybrid working may adversely affect our ability to recruit and retain personnel who prefer a fully remote or fully in-person work environment. Operating our business with both remote and in-person workers, or workers who work in flexible locations and on flexible schedules, could have a negative impact on our corporate culture, decrease the ability of our workforce to collaborate and communicate effectively, decrease innovation and productivity, or negatively affect workforce morale and retention rates. In addition, we expect to incur costs related to the transition to a hybrid workforce to, among other things, facilitate permanent remote work for a portion of our workforce and update our offices to offer more collaborative workspaces. If we are unable to effectively transition to a hybrid workforce, manage the cybersecurity and other risks of remote work, and maintain our corporate culture and workforce morale, our business could be harmed or otherwise negatively impacted.

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 or service being sold, the geography in which the customer is 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 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 re-engineering and new technology implementation, may cause customers to prefer maintaining legacy systems. Also, maintaining these legacy systems may be so time consuming and costly for our potential customers that they do not have adequate resources to devote to the purchase and implementation of our services and 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.

If our competitors' products, services, or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than we are, if their products or services are more technologically capable than ours (including, without limitation, as a result of new or better use of evolving AI technologies, such as generative AI), or if customers replace our solutions with custom-built software, then our revenue could be adversely affected.

We expect the intensity of competition to remain high in the future, as the amount of capital invested in current and potential competitors, including insurtech companies, has increased significantly in recent years.

As a result, our competitors or potential competitors may develop improved product or sales capabilities, or even a technology breakthrough that disrupts our market. 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 services and 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, the insurance 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. New competitors are able to develop cloud-based solutions without the cost of maintaining or migrating existing solutions and satisfying existing customer requirements, which may allow them to introduce new services and products more quickly and on more efficient technologies than us. 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 services and products, 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.

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 services and products 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 services and products, including the technical capabilities of our services and products, the potential cost savings achievable by organizations deploying our services and products, and the benefits and risks associated with cloud-based services. Customers typically undertake a significant evaluation process, which frequently involves not only our services and products, but also those of our competitors. We spend substantial time, effort, and money in our sales efforts without any assurance that our efforts will produce sales, and our customers have significant negotiating power during the sales process which may result in a lengthy sales cycle and significant contractual complexity. Additionally, we may be unable to predict the size and terms of the initial contract until very late in the sales cycle, which affects our ability to accurately forecast revenue and ARR. In addition, we sometimes commit to include specific functions in our base service and 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 services and 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 services and products will be operational or that once implemented our services and 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 services and products by our customers typically lasts six to 24 months or longer and unexpected implementation delays and difficulties can occur. Implementing our services and products typically involves integration with our customers' and third parties' systems and creating or updating the digital experience, 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 services and products. Failing to meet the expectations of our customers during the implementation of our services and products could result in a loss of customers and negative publicity about us and our services and products. Such failure could result from deficiencies in our product capabilities, performance issues, 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 services or products sales or upon renewals of existing services and products, potential reversals of previously recognized revenue, renegotiating existing customer's contractual terms, and a customer's refusal to pay their contractually-obligated license, support, or service fees. In addition, time-consuming and delayed implementations may also increase the amount of services personnel we must allocate to the implementation for it to be successful, 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. We have had, and may in the future have, restrictions on travel, which are in accordance with recommendations by the U.S. government, The Centers for Disease Control and Prevention, and other equivalent agencies in the locations in which we operate, and our customers, SI partners, and prospects have likewise enacted their own preventative policies and travel restrictions. Widespread restrictions on travel and in-person meetings have affected and could, in the future, affect services delivery, delay implementations, and interrupt sales activity. We cannot predict the duration or the extent of adverse impacts from pandemics and other global events on our business, results of operations, and financial condition.

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. Additionally, we have transitioned to a hybrid work environment in which a large portion of our workforce works either in-person on a part-time basis or remotely on a permanent basis, which brings new challenges to managing our business and workforce. This expansion and changing work environment 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 and cybersecurity 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, enhanced, or more secure services and products or investments in cloud operations. If we increase the size of our organization without experiencing an increase in sales of our services and products, we will experience reductions in our gross and operating margins and net income. If we are unable to effectively manage our expanding operations or hybrid work environment, 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.

Revenue mix, as well as declines in our subscription and support gross margin or our services gross margin, could adversely affect our overall gross margin and profitability.

Our subscription and support revenue was 48% and 42% of total revenue for fiscal years 2023 and 2022, respectively. Our subscription and support revenue produces lower gross margins than our license revenue. The gross margin of our subscription and support revenue was 51% and 41% for fiscal years 2023 and 2022, respectively, while the gross margin for license revenue was 98% and 97% for fiscal years 2023 and 2022, respectively. As our cloud transition continues, we expect that subscription revenue will continue to increase as a percentage of total revenue as we contract with new cloud customers and existing customers migrate from term licenses to subscription services. Additionally, we are incurring significant expenses to develop our cloud services and scale our cloud operations which may not result in an improvement of our subscription and support gross margin. These trends, along with other factors, some of which may be beyond our control, may adversely affect our overall gross and operating margins. These other factors include the percentage of new customers that enter into subscription services agreements as compared to term license agreements, the revenue impact of allocating total contract consideration between license revenue and subscription and support revenue when existing customers transition from term license to subscription services agreements, investments in certain cloud implementations to assist our customers with their migration to our cloud services, continued growth and efficiency of our cloud operations and technical support teams, and the impact on the global economy as a result of pandemics, inflation, or other global events and disasters.

Further, our services revenue was 23% and 26% of total revenue for fiscal years 2023 and 2022, respectively. Our services revenue produces lower gross margin than either our license revenue or our subscription and support revenue. The gross margin of our services revenue was negative in both fiscal years 2023 and 2022. If we experience an increase in the percentage of total revenue represented by services revenue, due to acquisitions or other factors, such increase could reduce our overall gross and operating margins. Fluctuation in our services revenue can result from several factors, some of which may be beyond our control, including the pace of our customers' migration from term license to subscription services as we continue our cloud transition, change in customer demand for our services team's involvement in the implementation of new services and products, the rates we charge or discounts we offer for our services, our ability to bill our customers for all time incurred to complete a project, the extent and quality of implementations and migrations provided by our SI partners, and the impact on the global economy as a result of economic volatility, inflation, or other global events and disasters. Additionally, the failure to improve, or the erosion of, our services margin, whether due to discounts related to encouraging clients to accelerate their cloud transition or otherwise, particularly in combination with any increase in services revenue, could adversely affect our overall gross and operating margins. Our services margin may erode if we hire and train additional services personnel to support cloud-based services or markets prior to having customer engagements, if we make investments in customer migrations from self-managed term licenses to subscription services, if we enter into fixed fee services arrangements, if our services personnel are underutilized, or if we require additional personnel on unexpectedly difficult projects to ensure customer success, perhaps without receiving commensurate compensation.

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 services and 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 that may require us to develop additional features in the services and products we sell to them or add complexity to our customer agreements. These customers may also delay making payments under existing agreements, or at renewal, in an attempt to obtain more favorable terms from us. We have been required to, and may continue to be required to, reduce the average selling price and ARR of our services and products, along with agreeing to steeper ramps that delay reaching fully-ramped ARR, in response to these pressures. If we are unable to avoid reducing our average selling prices or ARR, our results of operations could be harmed.

Our business depends on customers renewing and expanding their license, support, and subscription contracts for our services and 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 support 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 services and products, the prices of our services and products, the prices of services and products offered by our competitors, reduction in our customers' business including their DWP, 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.

Failure of any of our established services or products to satisfy customer demands or to maintain market acceptance could 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 Cloud, Guidewire InsuranceNow, Guidewire InsuranceSuite for self-managed installations, and our digital and data services and products. We expect to continue to derive a substantial portion of our revenue from these sources. As such, continued market acceptance of these services and products is critical to our growth and success. Demand for our services and products is affected by a number of factors, some of which are beyond our control, including the successful implementation of our services and products, the timing of development and release of product upgrades, enhancements, and new products by us and our competitors, the cost and effort to migrate from self-managed products to subscription services, the ease of integrating our software to third-party software and services, technological advances that reduce the appeal of our services and products, changes in the regulations that our customers must comply with in the jurisdictions in which they operate, 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 services and products, our business, results of operations, financial condition and growth prospects may be adversely affected.

If we are unable to develop, introduce, and market new and enhanced versions of our services and 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 services and products to meet evolving customer requirements. Because some of our services and products are complex and require rigorous testing, new features, new functionality, and updates to our existing products and services can take significant time and resources to develop and bring to market. As we expand internationally, our services and products must be modified and adapted to comply with regulations and other requirements of the countries in which our customers do business. Additionally, market conditions may dictate that we change the delivery method of our services and products or the technology platform underlying our existing services and products or that new services and 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 services and products, enhance our existing services and products, or migrate our products to the cloud, our business could be adversely affected, especially if our competitors are able to introduce services and products with enhanced functionality in the cloud. It is critical to our success for us to anticipate changes in technology, industry standards and regulations, and customer requirements and to successfully introduce new, enhanced, and competitive services and 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 and cloud operations 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 services and products in a timely manner that are competitive in technology and price or develop services and products that fail to meet customer demands, our market share will decline and our business and results of operations could be harmed. If our development efforts do not develop services, products or features that our customers find valuable, then we might incur impairment charges related to our capitalized software development costs.

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

Because we offer complex services and products, undetected errors or failures may exist or occur, especially when services and products are first introduced or when new versions or updates are released. Our services and 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 services and products or may expose undetected errors, failures, or bugs in our services and products. Despite testing by us, we may not identify all errors, failures, or bugs in new services and 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 offerings after their introduction. Additionally, our Guidewire Cloud offerings rely on third-party hosting services, primarily AWS. 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 reputation and adversely affect our results of operations.

We provide our customers with upfront estimates regarding the duration, resources, and costs associated with the migration and implementation of our services and 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 services or product sales or upon renewals of existing licenses or services, renegotiation or modification of existing contracts that could potentially result in reversals of previously recognized revenue, or a customer's refusal to pay its contractually-obligated fees. In addition, time-consuming or difficult migrations and implementations may also increase the amount of services personnel we must allocate to the project, potentially without commensurate compensation, thereby increasing our costs, lowering our services margin, and adversely affecting our business, results of operations, and financial condition.

The license, subscription, and support of our services and products 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.

Our ability to sell our services and 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 services and products 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 services and products, successfully help our customers quickly resolve post-deployment issues, assist our customers in migrating from self-managed licenses to subscription services, and provide effective ongoing support, our ability to renew existing agreements and sell additional services and products to existing customers would be adversely affected and our reputation with potential customers could be damaged. Once our services and 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 services and products. High-quality support is critical for the continued successful marketing and sale of our services and 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 multiple languages. 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 services and products to these customers or to transition existing license customers to subscription services, a key strategy for the growth of our revenue and profitability. In addition, as we further expand our cloud-based services and products, our professional services, cloud operations and support organizations will face new challenges, including hiring, training, and integrating a large number of new personnel with experience in delivering high-quality services and support for cloud-based offerings. Further, as we continue to rely on SIs to provide deployment, migration, and on-going services, our ability to ensure a high level of quality in addressing customer issues and providing a maintainable and efficient cloud environment could be diminished as we may be unable to control the quality or timeliness of the implementation of our services and products 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.

Issues in the development and use of AI, combined with an uncertain regulatory environment, may result in reputational harm, liability, or other adverse consequences to our business operations.

We use machine learning and AI technologies in our offerings and business, and we are making investments in expanding our AI capabilities in our products, services, and tools, including ongoing deployment and improvement of existing machine learning and AI technologies, as well as developing new product features using generative AI technologies. AI technologies are complex and generative AI technologies, in particular, are rapidly evolving. We face significant competition from other companies as well as an evolving regulatory landscape in relation to these technologies. The introduction of AI technologies, including generative AI, into new or existing products may result in new or enhanced governmental or regulatory scrutiny, litigation, confidentiality or security risks, ethical concerns, or other complications that could adversely affect our business, reputation, or financial results. The intellectual property ownership and license rights, including without limitation copyright, surrounding AI technologies generally, and generative AI technologies specifically, has not been fully addressed by competent legal tribunals or applicable laws or regulations. Further, the use or adoption of third-party AI technologies, including generative AI technologies, into our products and services may result in exposure to claims of copyright infringement or other intellectual property-related causes of action.

Uncertainty around new and emerging AI technologies, such as generative AI, may require additional investment in the development and maintenance of proprietary datasets and machine learning models, development of new approaches and processes to provide attribution or remuneration to creators of training data, and development of appropriate protections and safeguards for handling the use of customer data with such technologies, which may be costly and could impact our expenses if we decide to expand AI technologies, including generative AI, into our product offerings. AI technologies, including without limitation generative AI, may create content that appears facially correct but is factually inaccurate or flawed. Our customers or others may rely on or use such factually incorrect or flawed content to their detriment, which may expose us to brand or reputational harm, competitive harm, and/or legal liability. In all events, the development, marketing and use of AI technologies, including, in particular, generative AI, presents emerging ethical and social issues, and if we enable or offer solutions that draw scrutiny or controversy due to their perceived or actual impact on customers or on society as a whole, we may experience brand or reputational harm, competitive harm, and/or legal liability.

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, cloud-based services, technologies, or businesses complementary to ours. Our strategy also includes alliances with such companies. For example, we have made several acquisitions in the past, including most recently in August 2021, we acquired HazardHub, Inc., a leading insurtech provider of property risk insights. Acquisitions and alliances, such as our strategic partnerships with One Inc. and Smart Communications, may result in unforeseen operating difficulties and expenditures, be dilutive to earnings, 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 services and 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 services and products, the timing of revenue from the sale of services and products that we acquired or that result from the alliance, or from the sale of a bundle of services and products that includes such new services and products, may be different than the timing of revenue from existing services and products. In addition, our ability to maintain favorable pricing of new services and products may be challenging if we bundle such services and products with existing services and products. A delay in the recognition of revenue from sales of acquired or alliance services and 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.

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 services and products 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 services and products will suffer and our growth will be impeded.

Our SI partners help us reach additional customers. We believe our future growth also will depend on the retention and expansion of successful relationships with SI partners, including with SI partners that will focus on services and products we may acquire in the future. Our growth in revenue, particularly in international markets, will be influenced by the development and maintenance of relationships with SI partners, including regional and local SI partners. Although we have established relationships with some of the leading SI partners, our services and products may compete directly against services and products that such leading SI partners support or market. Additionally, we are unable to control the quantity or quality of resources that our SI partners commit to migrating or implementing our services and products, the quality or timeliness of such migrations and implementations, or the effects of pandemics and other global events on our SI partners. 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 services and products, would have an adverse effect on our business and our results of operations could fail to grow in line with our projections.

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 services and products 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 2023, 2022, and 2021, $331.5 million, $296.2 million, and $271.1 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, legal, and 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 contracts and our services and products for international customers;
- lack of familiarity with and unexpected changes in foreign regulatory requirements;
- increased exposure to fluctuations in currency exchange rates, especially on revenue and ARR;
- highly inflationary international economies, such as Argentina which has placed controls on sending U.S. dollars outside of the country and resulted in extended collection periods;
- geographic and political conflicts, such as that between Russia and Ukraine and the escalating tensions in the South China Sea;
- the burdens and costs of complying with a wide variety of foreign laws and legal standards, including without limitation any new or evolving laws and regulations relating to the use of data in AI, generative AI, machine learning technologies, climate-related disclosures, and the General Data Protection Regulation in the European Union ("EU") and the U.K.;
- compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act of 2010 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, tax and reporting burdens and complexities;
- weaker protection of intellectual property rights in some countries;
- multiple and possibly overlapping tax regimes, including certain Organization for Economic Cooperation and Development ("OECD") proposals, including the implementation of the global minimum tax under the Pillar Two model rules;
- government sanctions that may interfere with our ability to sell into particular countries, such as Russia;
- disruption to our operations caused by epidemics or pandemics; and
- political, social, and economic instability abroad, terrorist attacks, and security concerns in general.

As we increase the number of products we offer, increase the number of countries in which we operate, and incorporate new technologies and capabilities into our products (including, without limitation, the use of AI, generative AI and machine learning technologies), the complexity of adjusting our offerings to comply with legal and regulatory changes will increase.

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.

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

Our services and products are complex and are deployed in a wide variety of environments. The proper use of our services and products requires training of the customer. If our services and products are not used correctly or as intended, inadequate performance may result. Our services and products may also be intentionally misused or abused by customers or their employees or third parties who are able to access or use our services and products. Because our customers rely on our services, products, and support to manage a wide range of operations, the incorrect or improper use of our services and products, our failure to properly train customers on how to efficiently and effectively use our services and products, or our failure to properly provide 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 services and products.

In addition, if there is substantial turnover of customer personnel responsible, especially at the executive level, for the use and support of our services and products, or if customer personnel are not well trained in the use and support of our services and products, customers may defer the deployment of our services and 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 services and products, our ability to renew existing licenses and make additional sales may be substantially limited.

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 services and products, 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 existing 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 services and products, or otherwise respond to competitive pressures would be significantly limited. Any of these factors could harm our results of operations.

Risks Related to Data Security and Privacy, Intellectual Property, and Information Technology

If our products or cloud-based services experience cybersecurity breaches, there is unauthorized access to our customers' data, or unauthorized use of our services or any of these events are perceived to happen, we may lose current or future customers and our reputation and business may be harmed.

If our security measures are breached, unauthorized access to our or our customers' data, or unauthorized use of our services or any of these events are perceived to happen, our cloud services may be perceived as not being secure, customers may reduce the use of or stop using our services, we may incur significant liabilities, and our reputation could be harmed. Our software and cloud services involve the storage and transmission of customer data (including, in some cases, personal data), are involved in the collection and distribution of funds, and may provide business critical analytics necessary for our customers' operations. Security breaches could result in public disclosure of confidential information, loss or modification of data affecting our customers' operations, fraud or theft, ransom demands, or other misuse of confidential information, which in turn could result in litigation, breach of contract claims, indemnity obligations, additional reporting requirements and/or oversight, restrictions on processing customer data, and other liabilities for our Company. While we have taken, and are continually updating and enhancing, 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 or the security measures of companies we rely on, such as AWS, 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 infiltrate 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 despite our efforts in implementing and deploying security measures. The use of constantly evolving technologies by threat actors are sophisticated and complex and may increase the velocity of such threats, frequency of incident cases, and otherwise magnifying the risks associated with these types of attacks. Although we have developed systems and processes designed to protect our and our customers' data, prevent loss or unauthorized modification of data, ensure only authorized use of services, and other cybersecurity 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 with 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 and reputation.

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, our services and products 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 privacy and data security has become a significant issue in the United States, Europe, the U.K., and many other jurisdictions where we operate.

Many federal, state, and foreign legislatures and government agencies have imposed, are considering imposing, or are considering changing 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, the California Privacy Rights Act, which substantially went into effect on January 1, 2023, and the Court of Justice of the EU's invalidation of the Privacy Shield framework in July 2020. On July 16, 2020, the Court of Justice of the EU issued a verdict that ruled that the EU-US Privacy Shield, on which many companies relied on to transfer their data between the EU and the U.S., was invalidated due to concerns around surveillance by U.S. state and law enforcement agencies, known as the Schrems II decision. Schrems II now requires companies to conduct case-by-case assessments of each data transfer to a non-EU country in order to ensure that such data is adequately protected. In July of 2023, the European Commission adopted a new adequacy decision in relation to the EU-US Data Privacy Framework ("DPF"), rendering the DPF effective as a General Data Protection Regulation 2016/679 ("GDPR") transfer mechanism to U.S. entities self-certified under the DPF. We expect the DPF Adequacy Decision to be challenged and international transfers to the U.S. and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. 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. 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 services and products and reduce overall demand.

Furthermore, emerging trends in data privacy and security may impact our business operations. For example, multiple jurisdictions are taking a heightened interest in AI and machine learning, which we make use of. There has been a recent wave of policy and regulatory responses from various governments rolling out action plans for risk mitigation to legislation being introduced to generally oversee the use of AI. For example, in 2021, the European Commission proposed a regulation seeking to establish a comprehensive, risk-based governance framework for AI in the EU market. The regulation is intended to apply to companies that develop, use and/or provide AI in the EU and includes requirements around transparency, conformity assessments and monitoring, risk assessments, human oversight, security and accuracy. In addition, in 2022, the European Commission proposed two directives seeking to establish a harmonized civil liability regime for AI in the EU, in order to facilitate civil claims in respect of harm caused by AI and to include AI-enabled products within the scope of the EU's existing strict liability regime.

Compliance with such global laws and regulations, if adopted, including those relating to rapidly evolving generative AI, has and will continue to require valuable management and employee time and resources, and any actual or perceived failure to comply with these laws and regulations could include severe penalties, reputational harm, and reduce demand for our products.

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 services and products 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 services or products, and could limit adoption of our solutions, resulting in a negative impact on our sales, reputation, and results from operations.

Privacy concerns in the EU and the U.K. are evolving and we may face fines and other penalties, as well as reputational harm, if we fail to comply with these current and evolving laws, and compliance with these laws may increase our expenses and adversely affect our business and results of operations.

On April 27, 2016, the EU adopted the GDPR, that took effect on May 25, 2018. The GDPR applies to any company established in the European Economic Area ("EEA") as well as to those outside the EEA if they carry out processing of personal data of individuals in the EEA that is related to the offering of goods or services to them or the monitoring of their behavior. The GDPR has enhanced data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how personal data is to be used, limitations on retention of personal data, enhanced data subject rights, mandatory data breach notification requirements, and onerous new obligations on data processors. Non-compliance with the GDPR can trigger fines of up to €20 million, or 4% of total worldwide annual revenues, whichever is higher. Given the breadth and depth of changes in data protection obligations, complying with GDPR requirements has caused us to expend significant resources and such expenditures are likely to continue into the near future as we respond to new interpretations, regulatory guidance, and enforcement decisions and as we continue to negotiate data processing agreements with our customers and business partners.

In addition, the GDPR restricts transfers of personal data outside of the EEA to countries deemed to lack adequate privacy protections, including the U.S., unless an appropriate safeguard specified by the GDPR is implemented, such as the Standard Contractual Clauses ("SCCs") approved by the European Commission and, until July 16, 2020, the Privacy Shield for EU–U.S. data transfers. On July 16, 2020, the European Court of Justice ("ECJ") invalidated the EU-U.S. Privacy Shield, but it deemed that SCCs are valid, provided additional safeguards are in place. However, the ECJ ruled that transfers made pursuant to SCCs and other alternative transfer mechanisms need to be analyzed on a case-by-case basis to ensure EU standards of data protection are met in the jurisdiction where the data importer is based, and there continue to be concerns about whether SCCs will face additional challenges. For transfers to the U.S., the European Commission has now adopted an Adequacy Decision for entities self-certified under the new DPF, rendering the DPF effective as a GDPR transfer mechanism for such entities. However, we expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. Moreover, on September 8, 2020, the Swiss Federal Data Protection and Information Commissioner announced that it no longer considers the Swiss-U.S. Privacy Shield to provide adequate protections for transfers of Swiss personal data to the U.S., following the invalidation of the EU-U.S. Privacy Shield by the ECJ. Further, on June 4, 2021, the European Commission published revised standard contractual clauses for data transfers from the EEA. We are required to implement the revised standard contractual clauses in relation to our customer arrangements within the relevant time frames, which could increase our compliance costs and adversely affect our business. We (and many other companies) may be required to adopt additional measures to accomplish and maintain legitimate means for the transfer and receipt of personal data from the EU to the United States and other countries. As data protection authorities continue to issue further guidance and orders on personal data export mechanisms and/or continue taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

We may experience hesitancy, reluctance, or refusal by European or multi-national customers to continue to use our services due to the potential risk exposure to such customers as a result of such developments and the data protection obligations imposed on them by various 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.

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 from regulators. We may find it necessary to establish alternative systems to maintain EEA personal data within 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, including fines and harm to our reputation, and adversely affect our ability to offer cloud-based services.

Since January 1, 2021, as a result of Brexit, the U.K. has brought the GDPR into domestic U.K. law with the Data Protection Act 2018 ("U.K. GDPR"), which remains in force. As we are subject to the supervision of relevant data protection authorities under both the GDPR and UK GDPR, we could be fined under each of those regimes independently in respect of the same breach. The U.K. GDPR mirrors the data protection obligations and fines under the GDPR, but there may be further developments about the regulation of particular issues such as U.K. data exports. The United Kingdom's Information Commissioner's Office has published new data transfer standard contracts for transfers from the U.K. under the U.K. GDPR. This new documentation will be mandatory for relevant data transfers from September 21, 2022; existing standard contractual clauses arrangements must be migrated to the new documentation by March 21, 2024. We will be required to implement the latest U.K. data transfer documentation for data transfers subject to the U.K. GDPR, in relation to relevant existing contracts and certain additional contracts and customer arrangements, within the relevant time frames. On June 28, 2021, the European Commission adopted an adequacy decision in favor of the U.K., enabling data transfers from EEA member states to the U.K. without additional safeguards. However, the U.K. adequacy decision will automatically expire in June 2025 unless the European Commission re-assesses and renews/extends that decision, and it remains under review by the Commission during this period. In September 2021, the U.K. government launched a consultation on its proposals for wide-ranging reform of U.K. data protection laws following Brexit. There is a risk that any material changes which are made to the U.K. data protection regime could result in the Commission reviewing the U.K. adequacy decision, and the U.K. losing its adequacy decision if the Commission deems the U.K. to no longer provide adequate protection for personal data. These changes may lead to additional costs and increase our overall risk exposure.

Anticipated further evolution of EU and U.K. regulations on data privacy and security and any related changes to the regulatory framework in these or other countries may increase substantially our risk exposure to 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 interpretations of existing 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.

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 services and products do not infringe upon the intellectual property rights of third parties, we cannot assure that we are not infringing or otherwise violating any third-party intellectual property rights or that third parties will not assert infringement or misappropriation claims against us with respect to current or future services or products, 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. 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 services or products that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our services or products; 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.

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 services or products 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 services and 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 services and products and disrupt our business.

We use technology and intellectual property licensed from unaffiliated third parties in certain of our services and products, and we may license additional third-party technology and intellectual property in the future. Any errors, defects or security issues in this third-party technology and intellectual property or the integration of third-party technology and intellectual property with our services and products could result in errors that could harm our brand and business. Moreover, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all, or otherwise will be subject to restrictions that under applicable law could adversely affect our proprietary software. The loss of the right to license and distribute this third-party technology could limit the functionality of our services and products and might require us to redesign our services and products.

In addition, our Guidewire Cloud offerings rely on third-party hosting and infrastructure services provided by AWS, for the continuous, reliable, and secure operation of servers, related hardware and software, and network infrastructure. A prolonged AWS service disruption or slowdown for any reason could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business.

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 services and 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. Further, this third-party technology and intellectual property has the potential for security-related concerns, given that we do not create or maintain such third-party technology and intellectual property that may be exposed to unknown future security risks, such as the Log4j vulnerability.

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 services and 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.

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 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 services and 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 support 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 services and 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 services and 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 services. Each of these could harm our business, results of operations, and financial condition.

Risks Related to Legal, Regulatory, Accounting, and Tax Matters

The nature of our business requires the application of accounting guidance that requires management to make estimates and assumptions. Reported results under United States Generally Accepted Accounting Principles (“GAAP”) may vary from key metrics used to measure our business. 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 and interpreting 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, Financial Accounting Standards Board (“FASB”), and various bodies formed to interpret and create accounting rules and regulations. Accounting standards, such as ASC 606 - Revenue from Contracts with Customers or ASC 842 - Leases, 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 our accounting policies are subject to scrutiny by regulators and the public.

We cannot predict the impact of future changes to accounting principles or our related accounting policies on our financial statements going forward. In addition, were we to change our 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. If we are unsuccessful in adapting to the requirements of any new 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, revenue recognition standards require significant judgment and estimates that impact our reported revenue and results of operations. Additionally, reported revenue has and will vary from the ARR, a non-GAAP metric, and cash flow associated with each customer agreement. For example, for some arrangements with multiple performance obligations, a portion of recurring license and support or subscription contract value is allocated to services revenue for revenue recognition purposes, but does not get allocated for purposes of calculating ARR. This revenue allocation only impacts the initial term of the contract. This means that as we increase arrangements with multiple performance obligations that include services at discounted rates, more of the total contract value will be recognized as services revenue, but our reported ARR amount will not be impacted. This potential difference and variability in the trends of reported amounts may cause volatility in our stock price.

If we fail to maintain effective internal control over financial reporting 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.

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 as our business changes, we may not be successful in making the improvements and changes necessary to be able to identify and remediate control deficiencies or material weaknesses on a timely basis. 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.

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, interpretations of, and guidance regarding tax laws, including impacts of the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), the Coronavirus Aid, Relief, Economic Security Act of 2020, the Inflation Reduction Act of 2022, and certain OECD proposals, including the implementation of the global minimum tax under the Pillar Two model rules.

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.

Risks Related to Ownership of Our Common Stock

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, the timing and amount of any share repurchases by us, 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, inflation or deflation, armed conflict, or international currency fluctuations, have and may continue to affect the market price of our common stock.

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

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 a majority 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 of our shares being lower than it would be without these provisions.

Our amended and restated bylaws designate certain state or federal courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any state law claim for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders;
- any action asserting a claim arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or
- any action asserting a claim that is governed by the internal affairs doctrine (the "Delaware Forum Provision").

The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Further, our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the United States District Court for the Northern District of California will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision"), as we are based in the State of California. In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees (including, without limitation, any claims in respect of stockholder nominations of directors as permitted under our amended and restated bylaws), which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the United States District Court for the Northern District of California may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

We cannot guarantee that any share repurchase program will be fully consummated or it will enhance stockholder value, and share repurchases could affect the price of our common stock

In September 2022, our board of directors authorized and approved a share repurchase program of up to $400.0 million of our outstanding common stock and we entered into an accelerated share repurchase ("ASR") agreement to repurchase an aggregate $200.0 million of our common stock. As of July 31, 2023, $138.2 million of the share repurchase program remained available for future repurchases. Share repurchases under the program may be made from time to time, in the open market, in privately negotiated transactions and otherwise, at the discretion of management and in accordance with applicable federal securities laws, including Rule 10b-18 of the Exchange Act, and other applicable legal requirements. Such repurchases may also be made in compliance with Rule 10b5-1 trading plans entered into by us. The timing, pricing, and size of these repurchases will depend on a number of factors, including the market price of our common stock and general market and economic conditions. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares, and the program may be suspended or discontinued at any time, which may result in a decrease in the price of our common stock. The share repurchase program could affect the price of our common stock, increase volatility, and diminish our cash reserves.

General Risk Factors

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. Additionally, our stakeholders increasingly expect us to have a culture that embraces diversity, inclusion and belonging. Our inability to attract and retain diverse and 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 disrupt or materially harm our business. Although we strive to reduce the challenges of any transition, 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. Additionally, current global events and recent economic conditions have increased attrition and decreased the number of available candidates for open positions, which has increased the time to identify and hire new employees. We may be unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational, and managerial requirements, including managing employees and contractors remotely or in a hybrid environment, 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 with the appropriate skills to lead the local business and employees. 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 services and products and the dynamic market in which we compete, any failure to attract, integrate, and retain qualified direct sales, professional services, cloud 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 services and products and enhancements of existing services and products.

Increased and complex scrutiny of environmental, social, and governance ("ESG") matters may require us to incur additional costs or otherwise adversely impact our business.

Increased investor, governmental, and societal attention to and expectations around the wide range of issues generally referred to as ESG matters and our response to the same, may result in increased costs (including, but not limited to, increased costs related to compliance, stakeholder engagement and contracting), impact our reputation, or otherwise negatively affect our business performance. In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on ESG matters, while other organizations are pushing corporations not to focus on ESG matters in decision making. Both unfavorable ESG ratings and engaging in activities designed to improve such ratings could lead to negative investor sentiment toward us and/or our industry, which could have a negative impact on our access to and costs of capital. To the extent ESG matters negatively impact our reputation, we may also not be able to compete as effectively to recruit or retain employees. We may take certain actions in relation to ESG matters in response to stakeholder demand; however, such actions may be costly or be subject to numerous conditions that are outside our control, and we cannot guarantee that such actions will have the desired effect or outcome.

Moreover, while we may create and publish voluntary disclosures regarding ESG matters (in particular, information related related to environmental and human capital matters) from time to time, many of the statements in such voluntary disclosures are based on certain expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many environmental and human capital matters. Such disclosures may also be at least partially reliant on third-party information that we have not independently verified or that otherwise cannot be independently verified.

Statements about our environmental and human capital initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. If our related data, processing and reporting are incomplete or otherwise inaccurate, or if we fail to achieve progress on certain metrics on a timely basis, our reputation, business, financial performance and growth could be adversely affected.

In addition, we expect there will likely be increasing levels of regulation, disclosure-related and otherwise, with respect to ESG matters, and increased regulation will likely lead to increased compliance costs as well as scrutiny that could heighten all of the associated risks identified in this risk factor. Such compliance matters may also impact our customers, which could adversely impact our business, financial condition, or results of operations.

Our customers may defer or forego purchases of our services or products 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, results of operations, or financial condition. In particular, global inflation concerns, the ongoing conflict between Russia and Ukraine, the recent pandemic, and escalating tensions in the South China Sea, have created and 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 could cause our customers to reevaluate their decision to purchase our services and products, which could delay and lengthen our sales cycles, delay or increase pricing pressures on services engagements, 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 accounts receivable allowance, 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 seeking 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 and inflation, 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 services and products. Acquisitions of customers or potential customers can delay or cancel sales cycles or result in existing arrangements not being renewed and because we cannot predict the timing or duration of such acquisitions, our results of operations could be materially impacted.

Factors outside of our control, including, but not limited to, natural catastrophes, the geopolitical landscape, 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 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 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, excessive heat, epidemics, pandemics, and fires. Climate change and other environmental factors are contributing to an increase in erratic weather patterns globally and intensifying the impact of certain types of catastrophes. Moreover, acts of terrorism or armed conflict or uncertainty in the geopolitical landscape, including as a result of escalation in the ongoing conflict between Russia and Ukraine as well as the escalation of tensions in the South China Sea, could cause disruptions to our business or our customers' businesses or the economy as a whole. The risks associated with natural catastrophes, the geopolitical landscape, 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. Recently, for example, various parts of the United States have suffered extensive damage due to hurricanes, droughts, floods, severe heat and cold events, fires, and other natural disasters, the island of Maui in Hawaii has experienced severe fires, Turkey and Syria have experienced severe earthquakes, Germany, Pakistan, and other parts of Europe have experienced flooding, Canada has experienced fires, and Australia has experienced extensive damage due to fires and flooding. 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 and professional service engagements or to discontinue existing projects.

Our corporate headquarters and the majority of our operations are located in the San Francisco Bay Area, a region known for seismic activity and near an area subject to severe fire damage. A significant natural disaster, such as an earthquake, tsunami, fire, flood, epidemic, or pandemic 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, such as the Log4j vulnerability. To the extent that such disruptions result in delays or cancellations of customer orders or collections, or the deployment or availability of our services and products, our business, results of operations, and financial condition would be adversely affected.

Adverse developments affecting certain financial institutions, as well as the banking system as a whole, could negatively affect our current and projected business operations and our financial condition and results of operations.

Adverse developments that may affect certain financial institutions and the banking system as a whole, such as events involving liquidity that are either rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity concerns. On March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. Up until March of 2023, our primary banking partner in the United States was Silicon Valley Bank. Since such time, we have further diversified our banking relationships. In connection with such developments, we have not experienced any material adverse impact to our cash flow or to our current and projected business operations, financial condition or results of operations. Although we are continuing to evaluate and diversify our banking relationships, uncertainty remains over liquidity concerns in the broader financial services industry. As a consequence, our business, our business partners, or industry as a whole may be adversely impacted in ways that we cannot predict at this time. Uncertainty remains over liquidity concerns in the broader financial services industry, and there may be additional impacts to our business and our industry that we cannot currently predict. Further, a significant portion of our assets are held in cash, cash equivalent and marketable securities. If any financial uncertainty were to impact a broad segment of the financial services industry, our enterprise value and our future prospects could be harmed or otherwise negatively impacted.

Our revenue, results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, and Polish Zloty.

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 majority 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 software 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 cash flows, 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 entity 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, ARR, and operating income, which could have an adverse effect on our stock price. We do business in Argentina, which is experiencing extremely high inflation and currency fluctuations. The Argentina government has placed restrictions on sending U.S. dollars outside of the country, which has impacted our customers' timeliness in paying their obligations to us and could impact the collectibility of our accounts receivable in such respects. While we have limited currency exchange exposure to the Russian Ruble, we expect global exchange rates for various currencies may be more volatile than normal as a result of the ongoing conflict between Russia and Ukraine and related events. We will continue to experience fluctuations in foreign currency exchange rates, which, if material, may harm our revenue or results of operations.

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 July 31, 2023, we had outstanding an aggregate principal amount of $400.0 million of our 1.25% Convertible Senior Notes due 2025 (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 would increase and our ability to service or repay our indebtedness may be adversely impacted.

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 results of operations.

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.

In August 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40), which we adopted on August 1, 2022. The ASU simplifies the accounting for convertible instruments, and among other things, eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. When calculating diluted EPS, the if-converted method requires us to assume that convertible debt instruments (and any applicable conversion premium) are converted to common stock as of the beginning of the period presented regardless of the price of our stock in periods that we have net income. Additionally, the if-converted method does not allow us to offset the impact of our capped call transactions on the calculation. We expect that such calculations will negatively affect our reported diluted EPS in the periods that we have net income irrespective of actual conversion of the Convertible Senior Notes.

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 and recent 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 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Our corporate headquarters in San Mateo, California consists of approximately 79,000 square feet of space leased through June 2027. Our European headquarters in Dublin, Ireland consists of approximately 85,000 square feet of space leased through March 2032. As of July 31, 2023, we also lease facilities for our sales, services, development, operations and administrative activities in various locations in the United States and around the world, including in the Americas, Europe, and Asia-Pacific.

We believe that our facilities are suitable to meet our current needs. We are evaluating our real estate strategy as it relates to the anticipated needs of a hybrid workforce. In the future, we may expand our facilities or add new facilities as we add employees and enter new geographic markets, and we believe that suitable additional or alternative space will be available as needed to accommodate any such growth. We expect to incur additional expenses in connection with such new or expanded facilities.

Item 3. 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.

As described in Note 9 “Commitments and Contingencies” to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, which are incorporated by reference herein, we are not party to any material pending legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Our common stock is listed on the New York Stock Exchange under the symbol "GWRE".

On July 31, 2023, the last reported sale price of our common stock on the New York Stock Exchange for fiscal year 2023 was $84.82 per share. As of July 31, 2023, we had 37 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our common stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

Purchases of Equity Securities by the Issuer

The following table summarizes our repurchase of equity securities during the fiscal quarter ended July 31, 2023:

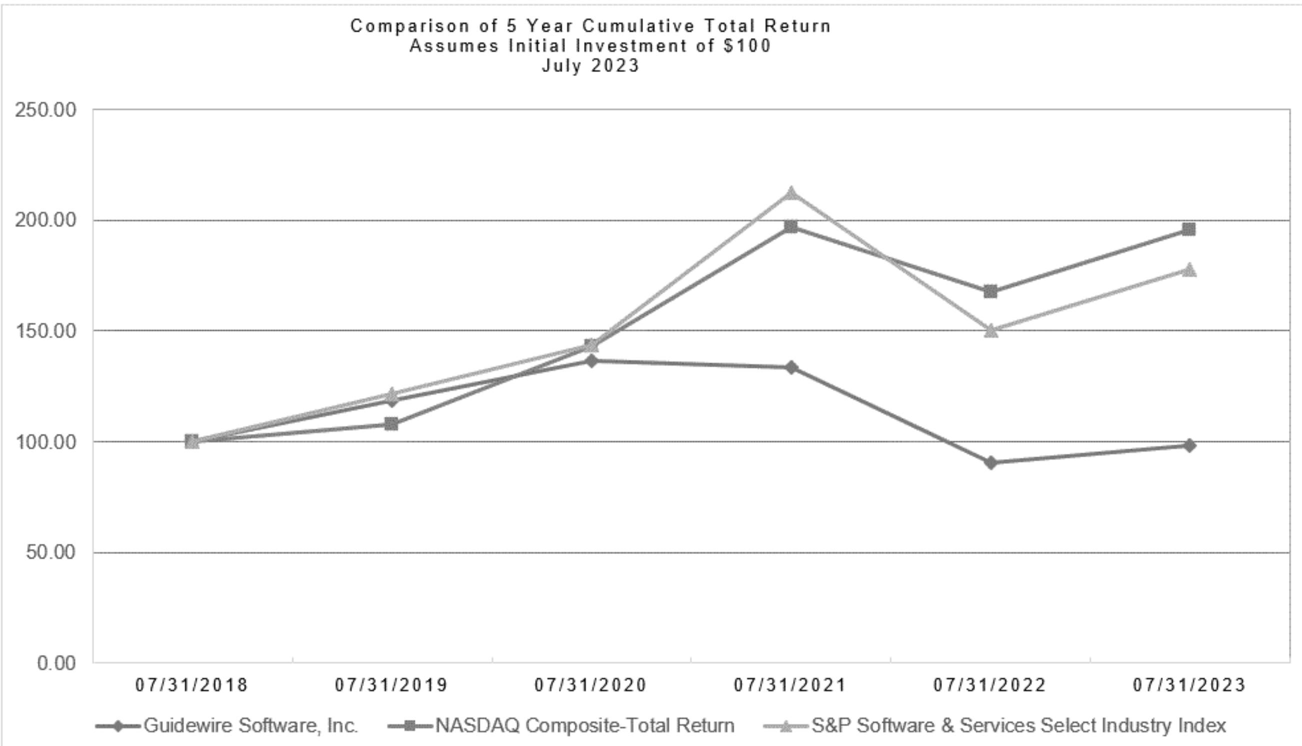
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value (in millions) of Shares That May Yet Be Purchased Under the Plans or Programs [1]
May 1, 2023 – May 31, 2023	278,442	$78.94	278,442	$162
June 1, 2023 – June 30, 2023	286,297	$72.80	286,297	$141
July 1, 2023 – July 31, 2023	39,875	$75.05	39,875	$138
Total	604,614		604,614	

[1] On September 22, 2022, we announced that our board of directors authorized and approved a share repurchase program of up to $400 million of our outstanding stock. We began repurchasing shares under this program during the first quarter of fiscal year 2023. As of July 31, 2023, we had $138 million remaining for future share repurchases under the share repurchase program. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares, and the program may be modified, suspended, or discontinued at any time. There is no stated expiration date for the program.

Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933 or the Exchange Act.

The following graph shows a comparison of the cumulative total return for our common stock, the NASDAQ Composite-Total Return Index and S&P Software & Services Select Industry Index for the period from July 31, 2018 through July 31, 2023. Such returns are based on historical results and are not intended to suggest future performance. Data for the NASDAQ Composite Total Return Index and S&P Software & Services Select Industry Index assume reinvestment of dividends.



	7/31/2018	7/31/2019	7/31/2020	7/31/2021	7/31/2022	7/31/2023
Guidewire Software, Inc.	$ 100.00	$ 118.42	$ 136.50	$ 133.64	$ 90.16	$ 98.40
NASDAQ Composite-Total Return Index	$ 100.00	$ 107.74	$ 143.06	$ 196.76	$ 167.33	$ 195.47
S&P Software & Services Select Industry Index	$ 100.00	$ 121.23	$ 143.51	$ 212.36	$ 149.92	$ 177.57

Unregistered Sales of Equity Securities and Use of Proceeds from Registered Securities

None.

Item 6. [Reserved]

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

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes thereto included in Item 8 and the Risk Factors included in Item 1A of Part I of this Annual Report on Form 10-K. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references in this Annual Report on Form 10-K 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.

We have elected to omit discussion on the earliest of the three years covered by the consolidated financial statements presented. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations located in our Form 10-K for the fiscal year ended July 31, 2022, filed on September 26, 2022, for reference to discussion of the fiscal year ended July 31, 2021, the earliest of the three fiscal years presented.

Overview

Guidewire delivers a leading platform that property and casualty ("P&C") insurers trust to engage, innovate, and grow efficiently. Guidewire's platform combines core operations, digital engagement, analytics, machine learning and AI applications delivered as a cloud service or self-managed software. As a partner to our customers, we continually evolve to enable their success and assist them in navigating a rapidly changing insurance market.

Our core operational services and products are InsuranceSuite Cloud, InsuranceNow, and InsuranceSuite for self-managed installations. These services and products are transactional systems of record that support the entire insurance lifecycle, including insurance product definition, distribution, underwriting, policyholder services, and claims management. Our digital engagement applications enable digital sales, omni-channel service, and enhanced claims experiences for policyholders, agents, vendor partners, and field personnel. Our analytics offerings enable insurers to manage data more effectively, gain insights into their business, drive operational efficiencies, and underwrite new and evolving risks. To support P&C insurers globally, we have localized, and will continue to localize, our platform for use in a variety of international regulatory, language, and currency environments.

InsuranceSuite Cloud is a highly configurable and scalable product, delivered as a service, and primarily comprised of three core applications (PolicyCenter Cloud, BillingCenter Cloud, and ClaimCenter Cloud) that can be subscribed to separately or together. These applications are built on and optimized for our Guidewire Cloud Platform ("GWCP") architecture and leverage our in-house cloud operations team. InsuranceSuite Cloud is designed to support multiple releases each year to ensure that cloud customers remain on the latest version and gain fast access to our innovation efforts. Additionally, InsuranceSuite Cloud embeds digital and analytics capabilities natively into our platform. Most new sales and implementations are for InsuranceSuite Cloud.

InsuranceNow is a complete, cloud-based application that offers policy, billing, and claims management functionality to insurers.

InsuranceSuite for self-managed installations is comprised of three core applications (PolicyCenter, BillingCenter, and ClaimCenter) that can be licensed separately or together and can be deployed and updated by our customers and their implementation partners.

Our customers range from some of the largest global insurance companies or their subsidiaries to predominantly national or local insurers that serve specific states and/or regions. 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 throughout the world.

Because our platform is critical to our new and existing customers' businesses, their decision-making and product evaluation process is thorough, which often results in an extended sales cycle. These evaluation periods can extend further if a customer purchases multiple services and products or is considering a move to a cloud-based subscription for the first time. Sales to new customers also involve extensive customer due diligence and reference checks. The success of our sales efforts relies on continued improvements and enhancements to our current services and products, the introduction of new services and products, efficient operation of our cloud infrastructure, continued development of relevant local content and automated tools for updating content, and successful implementations and migrations.

We sell our cloud-delivered offerings through subscription services and our self-managed products through term licenses. We generally price our services and products based on the amount of Direct Written Premium ("DWP") that will be managed by our platform. Our subscription, term license, and support fees are typically invoiced annually in advance. Subscription services are generally sold with an initial term of between three and five years with optional annual renewals commencing after the initial term. Subscription revenue is recognized on a ratable basis over the committed term, once all revenue recognition criteria are met including providing access to the service. Term licenses are primarily sold with an initial two-year committed term with optional annual renewals commencing after the initial term. 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. 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. Our support revenue is generally recognized ratably over the committed support term of the licensed software. Our support fees are typically priced as a fixed percentage of the associated license fees. We also offer professional services, both directly and through SI partners, to help our customers deploy, migrate, and utilize our platform, services, and products. A majority of our services revenue is billed monthly on a time and materials basis.

Over the past few years, we have primarily been entering into cloud-based subscription arrangements with our new and existing customers, and we anticipate that subscription arrangements will be a majority of annual new sales going forward. 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 services and products, introduce new services and products, and advance our ability to securely and cost-effectively deliver our services 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, solutions, and upgrades.

Our track record of success with customers and their implementations is central to maintaining our strong competitive position. We rely on our global services team and SI partners to ensure that teams with the right combination of product, business, and language skills are used in the most efficient way to meet our customers' implementation and migration needs. We have extensive relationships with SI, consulting, technology, and other industry partners. Our network of partners has expanded as interest in and adoption of our platform has grown. 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 and enabling us to focus our resources on continued innovation and further enhancement of our solutions.

We work closely with our network of third-party SI partners to facilitate new sales and implementations of both our subscription services and self-managed products. Our partnership with leading SI partners allows us to increase efficiency and scale while reducing customer implementation and migration costs. We continue to invest time and resources to increase the number of qualified consultants employed by our SI partners, develop relationships with new partners in existing and new markets, and ensure that all SI partners are qualified to assist with implementing our services and products. We believe this model will continue to serve us well, and we intend to continue to expand our network of partners and the number of certified consultants with whom we work so we can leverage our SI partners more effectively, especially for future subscription migrations and implementations.

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 services and products successfully, migrating our business towards a subscription model with ratable revenue recognition, increasing the overall adoption of our services and products, and cost-effectively and securely managing the infrastructure of our cloud-based customers. In response to these and other risks we might face, we continue to invest in many areas of our business, including product development, cloud operations, cybersecurity, implementation and migration services, and sales and marketing.

Seasonality

We have experienced seasonal variations in our license revenue and, to a lesser extent, in our subscription revenue as a result of increased customer orders in our fourth fiscal quarter, which is the quarter ending July 31. We generally 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. Because we recognize revenue upfront for new term licenses and multi-year term license renewals compared to over time for subscription services, changes in the mix between term license and subscription services may impact our quarterly results. Additionally, any quarter in which a significant multi-year term license or multi-year term license renewal or non-renewal occurs could be impacted. 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 concentration of our sales in our fourth fiscal quarter increases this impact as the revenue impact of most fourth fiscal quarter subscription sales will not be realized until the following fiscal year.

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

Recent Global Events

Recent global events have adversely affected and are continuing to adversely affect workforces, organizations, economies, and financial markets globally, leading to economic downturns, inflation, and increased market volatility. For instance, the ongoing conflict between Russia and Ukraine, escalating tensions in the South China Sea, inflation higher than we have seen in decades, the recent bank failures in the United States and Switzerland and the related impact on financial markets and institutions, and supply chain issues have contributed to global economic and market volatility. We are unable to accurately predict the full impact that these global events will have on our results of operations, financial condition, liquidity, and cash flows due to numerous uncertainties.

Our business and financial results since the third quarter of fiscal year 2020 have been impacted due to these disruptions, which has affected our ARR growth rates, services revenue and margins, operating cash flow and expenses, potentially higher employee attrition, challenges in hiring and onboarding necessary personnel, and the change in fair value of strategic investments. Our sales cycles, ARR growth rates and revenue, especially services revenue, continued to be impacted as a result of these disruptions and challenges. Additionally, in recent quarters, inflation has reached levels that have not been seen for decades, which is impacting the global economy and magnifying the impact of these disruptions.

Our customers may be unable to pay or may request amended payment terms for their outstanding invoices due to the economic impacts from these disruptions, and we may need to increase our accounts receivable allowances. A decrease in orders in a given period could negatively affect our revenue and ARR in future periods, particularly if experienced on a sustained basis, because a substantial proportion of our new software subscription services orders is recognized as revenue over time. Also, the global economic impact of these disruptions could affect our customers' DWP, which could ultimately impact our revenue as we generally price our services and products based on the amount of DWP that will be managed by our platform. Additionally, we may be required to record impairment related to our operating lease assets, investments, long-lived assets, intangible assets, or goodwill.

We will continue to monitor and evaluate the nature and extent of these global events on our business.

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 ARR and Free Cash Flow. For a further discussion of how we use key metrics and certain non-GAAP financial measures, see "Non-GAAP Financial Measures" in this Annual Report on Form 10-K.

Annual Recurring Revenue ("ARR")

We use ARR to quantify the annualized recurring value outlined in active customer contracts at the end of a reporting period. ARR includes the annualized recurring value of term licenses, subscription agreements, support contracts, and hosting agreements based on customer contracts, which may not be the same as the timing and amount of revenue recognized. All components of the licensing and other arrangements that are not expected to recur (primarily perpetual licenses and professional services) are excluded. In some arrangements with multiple performance obligations, a portion of recurring license and support or subscription contract value is allocated to services revenue for revenue recognition purposes, but does not get allocated for purposes of calculating ARR. This revenue allocation only impacts the initial term of the contract. This means that as we increase arrangements with multiple performance obligations that include services at discounted rates, more of the total contract value will be recognized as services revenue, but our reported ARR amount will not be impacted. In fiscal year 2023, the recurring license and support or subscription contract value recognized as services revenue was $29.6 million.

If a customer contract contains invoicing amounts that increase 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.

As of July 31, 2023, ARR was $763 million, or $761 million based on currency exchange rates as of July 31, 2022. We measure ARR on a constant currency basis during the fiscal year and revalue ARR at year end to current currency rates. ARR grew in fiscal year 2023 by 15%, or 15% on a constant currency basis.

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 services and 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 consist of purchases of property and equipment, primarily computer hardware, software, and leasehold improvements, and capitalized software development costs. Free cash flow in fiscal year 2023 was impacted by severance payments of $2.9 million. Free cash flow in fiscal year 2022 was impacted by payments of $18.1 million related to settling accrued vacation balances in countries in which we adopted a non-accrual vacation policy. For a further discussion of our operating cash flows, see "Liquidity and Capital Resources – Cash Flows."

	Fiscal years ended July 31,	
	2023	2022
	(in thousands)	
Net cash provided by (used in) operating activities	$ 38,395	$ (37,940)
Purchases of property and equipment	(5,821)	(9,510)
Capitalized software development costs	(11,606)	(12,266)
Free cash flow	$ 20,968	$ (59,716)

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. Accounting policies, methods, and estimates are an integral part of the preparation of our 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 our 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 consolidated financial statements, which are described in Note 1 "The Company and a Summary of Significant Accounting Policies and Estimates" to our consolidated financial statements included in this Annual Report on Form 10-K, our revenue recognition policies are critical to the periods presented.

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 subscriptions to our cloud services, licensing arrangements for our software, and implementation and other professional services arrangements. We account for revenue in accordance with Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). 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 consolidated financial statements included in this Annual Report on Form 10-K.

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 appropriate revenue recognition in accordance with ASC 606.

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

<u>Allocation of the transaction price to the performance obligations in the contract</u>

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. Some of our performance obligations, such as support, 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 will use the residual method.

The majority of our contracts contain multiple performance obligations, such as when licenses are sold with support, implementation services or training services. As customers enter into a subscription agreement to migrate from an existing term license agreement, customers may be under contract for self-managed licenses and support, in addition to subscription services, for a period of time, which may require an allocation of the transaction price to each performance obligation. New and migration subscription agreements also typically include implementation, configuration, and training services, which may require an allocation of the transaction price to each performance obligation.

Additionally, contract modifications for services and products that are distinct but are not priced commensurate with their SSP 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.

Recent Accounting Pronouncements

See Note 1 "The Company and Summary of Significant Accounting Policies and Estimates" to our consolidated financial statements included in this Annual Report on Form 10-K for a full description of recent accounting pronouncements adopted, including the dates of adoption, and recent accounting pronouncements not yet adopted.

Results of Operations

The following table sets forth our results of operations for the years presented. The data has been derived from the consolidated financial statements contained in this Annual Report on Form 10-K. The results for any period should not be considered indicative of results for any future period.

	Fiscal years ended July 31,			
	2023	As a % of Total Revenue	2022	As a % of Total Revenue
	(in thousands except percentages)			
Revenue:				
Subscription and support	$ 429,667	48 %	$ 343,708	42 %
License	265,593	29	258,631	32
Services	210,081	23	210,275	26
Total revenue	905,341	100	812,614	100
Cost of revenue:				
Subscription and support	210,507	23	202,832	25
License	6,488	1	8,754	1
Services	230,135	25	223,852	28
Total cost of revenue	447,130	49	435,438	54
Gross profit:				
Subscription and support	219,160	25	140,876	17
License	259,105	28	249,877	31
Services	(20,054)	(2)	(13,577)	(2)
Total gross profit	458,211	51	377,176	46
Operating expenses:				
Research and development	249,746	27	229,230	28
Sales and marketing	188,224	21	182,620	22
General and administrative	169,731	19	164,773	20
Total operating expenses	607,701	67	576,623	70
Income (loss) from operations	(149,490)	(16)	(199,447)	(24)
Interest income	24,389	3	6,277	1
Interest expense	(6,716)	(1)	(19,446)	(2)
Other income (expense), net	(2,277)	—	(17,099)	(2)
Income (loss) before provision for (benefit from) income taxes	(134,094)	(14)	(229,715)	(27)
Provision for (benefit from) income taxes	(22,239)	(3)	(49,284)	(8)
Net income (loss)	$ (111,855)	(11)%	$ (180,431)	(19)%

Comparison of the Fiscal Years Ended July 31, 2023 and 2022

Revenue

We derive our revenue primarily from delivering cloud-based services, licensing our software applications, providing support, and delivering professional services.

Subscription and Support

A growing portion of our revenue consists of fees for our subscription services, which are generally priced based on the amount of DWP that is managed by our subscription services. 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. Subscription agreements contain optional annual renewals commencing upon the expiration of the initial contract term. A majority of our subscription customers are billed annually in advance. In some arrangements with multiple performance obligations, a portion of recurring subscription contract value may be allocated to license revenue or services revenue for revenue recognition purposes. For example, in arrangements with multiple performance obligations that include services at discounted rates, a portion of the total contract value related to subscription services will be allocated and recognized as services revenue. Additionally, agreements to migrate an existing term license customer to subscription services contain multiple performance obligations, including a provision to continue using the term license during the subscription service implementation period. Under these migration agreements, a portion of the total contract value related to subscription services could be allocated and recognized as term license and support revenue in the period renewed or delivered.

Our support revenue is generally recognized ratably over the committed support term of the licensed software. Our support fees are typically priced as a fixed percentage of the associated term license fees. We generally invoice support annually in advance. Support related to subscription arrangements is included in subscription revenue, as support is not quoted or priced separately from the subscription services.

License

A substantial majority of our license revenue consists of term license fees. Our term license revenue is primarily generated through license fees that are billed annually in advance during the term of the contract, including any renewals. Our term license fees are generally priced based on the amount of DWP that will be managed by our licensed software. Our term licenses have generally been sold under a two-year initial term with optional annual renewals after the initial term. However, we do enter into license arrangements that have an initial term of more than two years and renewal terms of more than one year. Term license revenue for the committed term of the customer agreement is generally fully recognized upon delivery of the software or at the beginning of the renewal term.

In a limited number of cases, we license our software on a perpetual basis. Perpetual license revenue is generally recognized upon delivery. We invoice our perpetual license customers either in full at contract signing or on an installment basis.

Services

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

	Fiscal years ended July 31,				Change	
	2023		2022			
	Amount	% of total revenue	Amount	% of total revenue	($)	(%)
	(in thousands, except percentages)					
Revenue:						
Subscription and support:						
Subscription	$ 352,145	39 %	$ 259,232	32 %	$ 92,913	36 %
Support	77,522	9	84,476	10	(6,954)	(8)
License:						
Term license	265,389	29	258,441	32	6,948	3
Perpetual license	204	—	190	—	14	7
Services	210,081	23	210,275	26	(194)	—
Total revenue	$ 905,341	100 %	$ 812,614	100 %	$ 92,727	11 %

Subscription and Support

We anticipate subscriptions will continue to represent a majority of new arrangements, including customers migrating from existing term license arrangements to subscription services, 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 on a year-over-year basis. If we complete a higher percentage of subscription arrangements in a given period, our short-term growth rates will be negatively impacted. Due to the seasonal nature of our business, the impact of new subscription orders in our fourth fiscal quarter, our historically largest quarter for new orders, is not fully reflected in revenue until the following fiscal year.

Subscription revenue increased by $92.9 million compared to the prior year primarily due to the impact of cloud transition agreements and new subscription agreements entered into and provisioned since July 31, 2022, and the renewal or extension of subscription services at the fully ramped annual fees after the initial committed term.

Support revenue decreased by $7.0 million compared to the prior year, primarily due to customers migrating from on-premise term licenses to subscription services. Support related to subscription arrangements is included in subscription revenue, as support is not quoted or priced separately from the subscription services. As customers enter into a subscription agreement to migrate from an existing term license agreement, the timing and amount of revenue recognized will be impacted by allocations of the total contract value between the license, subscription, and support performance obligations. As a result, we expect the increase in subscription orders as a percentage of total new sales and customers migrating from term licenses to subscription services will result in lower support revenue in the future.

License

Revenue related to new term licenses and multi-year term license renewals is generally recognized upfront and, as a result, no additional license revenue is recognized until after the committed term expires. As a customer enters into a subscription agreement to migrate from an existing term license agreement, the timing and amount of revenue recognition will be impacted by allocations of total contract value between license, subscription, and support performance obligations. License revenue growth has and will be negatively impacted as subscription sales increase as a percentage of total new sales and as customers migrate from term licenses to subscription services instead of renewing their term licenses.

Term license revenue increased by $6.9 million compared to the prior year primarily due to an increase in new deals and the impact of renewals of $10.9 million, which was partially offset by decreases due to agreements that migrated from a term license to a subscription service in the prior year of $4.0 million. Ongoing revenue related to migration agreements is recorded as subscription revenue. The impact on term license revenue from contracts with an initial term of greater than two years or a renewal term of greater than one year was $7.6 million during fiscal year 2023, as compared to $2.5 million in the prior year.

Perpetual license revenue accounted for less than 1% of total revenue in fiscal year 2023. We expect perpetual license revenue to continue to represent a small percentage of our total license 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.

Services Revenue

Services revenue was flat compared to the prior year. Services revenue was impacted by the completion of implementations, partially offset by an increase from new and existing subscription implementation and migration projects. Services revenue overall continues to be impacted by contracts with lower average services billing rates and increased investments in customer implementations, including fixed fee or capped arrangements, to accelerate customer transition to the cloud. In these arrangements when a project extends longer than originally anticipated, the average billing rate we recognize may decrease, which can result in revenue adjustments and lower gross profit. Additionally, our SI partners are leading more new subscription implementation and migration projects than in the past.

We expect some level of variability in our services revenue in future periods. As we successfully leverage our SI partners to lead more implementations and migrations, our services revenue could decrease. We expect challenges related to global events including inflation and our ability to hire additional services professionals will also continue to negatively impact services revenue. As we continue to expand into new markets and develop new services and products, we have, and may continue to, enter into contracts with lower average billing rates, make investments in customer implementation and migration engagements, and enter into fixed price contracts, which may impact services revenue and services margin.

Cost of Revenue and Gross Profit

Our cost of subscription and support revenue primarily consists of personnel costs for our cloud operations and technical support teams, cloud infrastructure costs, development of online training curriculum, amortization of intangible assets, and royalty fees paid to third parties. Our cost of license revenue primarily consists of development of online training curriculum, royalty fees paid to third parties, and amortization of intangible assets. Our cost of services revenue primarily consists of personnel costs for our professional service employees, third-party subcontractors or consultants, and travel 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 information technology infrastructure and software expenses, information security infrastructure and software expenses, and facilities expenses to all functional departments based on headcount. As such, these general overhead expenses are reflected in cost of revenue and each functional operating expense.

Effective as of the beginning of fiscal year 2023, we revised our allocation methodology to more closely reflect the way our business is managed and to be more comparable to other companies in our industry. The change resulted in facilities expenses, information technology infrastructure and software expenses, and information security infrastructure and software expenses being allocated to all functional departments based on headcount, while other previously allocated expenses are recorded within general and administrative expenses. The effect of this change is an increase in general and administrative expenses and a decrease in cost of revenue and other operating expense categories. Prior period amounts have been re-classified to reflect the revised methodology in our prior year consolidated financial statements and accompanying notes for comparability purposes.

Cost of Revenue:

	Fiscal years ended July 31,					
	2023		2022		Change	
	Amount	% of total revenue	Amount	% of total revenue	($)	(%)
	(In thousands, except percentages)					
Cost of revenue:						
Subscription and support	$ 210,507	23 %	$ 202,832	25 %	$ 7,675	4 %
License	6,488	1	8,754	1	(2,266)	(26)
Services	230,135	25	223,852	28	6,283	3
Total cost of revenue	$ 447,130	49 %	$ 435,438	54 %	$ 11,692	3 %
Includes stock-based compensation of:						
Cost of subscription and support revenue	$ 14,073		$ 13,222		$ 851	
Cost of license revenue	463		692		(229)	
Cost of services revenue	19,257		20,978		(1,721)	
Total	$ 33,793		$ 34,892		$ (1,099)	

Cost of subscription and support revenue increased by $7.7 million primarily due to increases in cloud infrastructure expense of $9.2 million for our growing cloud usage and customer base, internal-use software amortization of $3.1 million, royalties of $1.0 million, and personnel costs of $0.7 million. These increases were partially offset by decreases in amortization of intangibles of $4.2 million due to certain acquired intangible assets being fully amortized, and professional services of $2.2 million. As a result of efficiencies that we are seeing from our previous investments in cloud operations and development efforts along with the challenges presented by the macroeconomic environment, we have slowed hiring and are critically evaluating professional services contracts and third-party software costs.

Due to our continued investment in cloud-based operations, increase in new cloud-based customers, and increased usage from existing cloud-based customers, the costs to provide our subscription and support services increased. We expect our cost of subscription and support revenue to decrease as a percentage of revenue, but increase in absolute dollars, due to inflation, platform and product investments, and more customers utilizing our cloud product. To address cloud infrastructure costs, we entered into a five-year agreement with our cloud infrastructure provider at lower per unit usage costs. However, we believe that the cost of subscription and support revenue will grow at a slower rate than subscription and support revenue in future years as we achieve economies of scale and other efficiencies. The short-term impact of these trends along with mix within subscription and support revenue may result in a decline in subscription and support gross margin even though subscription and support gross profit increases in absolute dollars.

The $2.3 million decrease in our cost of license revenue was primarily due to a decrease in personnel costs associated with the development of online training curriculum included with the latest releases of InsuranceSuite of $1.7 million, royalties of $0.4 million, and amortization of intangibles of $0.1 million due to certain acquired intangible assets being fully amortized.

We continue to anticipate lower cost of license revenue over time as our term license customers transition to cloud subscription agreements.

The $6.3 million increase in cost of services revenue was primarily due to increases in personnel expenses of $8.0 million associated with an increase in headcount, and software subscriptions of $0.8 million. These increases were partially offset by decreases in subcontractor expenses of $1.1 million, professional services of $1.1 million, and web hosting costs of $0.2 million.

We had 648 cloud operations and technical support employees and 784 professional service employees as of July 31, 2023 compared to 696 cloud operations and technical support employees and 755 professional services employees as of July 31, 2022.

Gross Profit

	Fiscal years ended July 31,				Change	
	2023		2022			
	Amount	margin %	Amount	margin %	($)	(%)
	(In thousands, except percentages)					
Gross profit:						
Subscription and support	$ 219,160	51 %	$ 140,876	41 %	$ 78,284	56 %
License	259,105	98	249,877	97	9,228	4
Services	(20,054)	(10)	(13,577)	(6)	(6,477)	48
Total gross profit	$ 458,211	51 %	$ 377,176	46 %	$ 81,035	21 %

Our gross profit increased by $81.0 million compared to the prior year. Gross profit was impacted by an increase in subscription and support gross profit due to the increase in subscription revenue and cloud operations efficiencies, partially offset by a decrease in services gross profit due to the investments that we are making in our customers' transition to subscription services.

Our gross margin increased to 51% in fiscal year 2023, as compared to 46% in fiscal year 2022. Gross margin was primarily impacted by the increase in subscription and support revenue at a higher margin due to cloud operations efficiencies, partially offset by lower services margin due to the investments that we are making in our customers' transition to subscription services.

We expect subscription and support gross margin to improve over the next several years as we gain efficiencies and increase the number of cloud customers. We expect services gross margin will improve as we lower our reliance on subcontractors and enter into fewer fixed fee arrangements. We expect license gross margin to fluctuate based on changes in revenue due to the timing of delivery of new multi-year term licenses and the execution of multi-year term license renewals, as cost of license revenue is expected to be relatively consistent from period to period in the future. Overall, we expect gross margins to continue to improve over time as improvements in subscription and support gross margin and services gross margin will more than offset the negative impact of revenue shifts away from high margin license revenue.

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 information technology infrastructure and software expenses, information security infrastructure and software expenses, and facilities expenses to all functional departments based on headcount. As such, these general overhead expenses are reflected in cost of revenue and each functional operating expense.

Effective as of the beginning of fiscal year 2023, we revised our allocation methodology to more closely reflect the way our business is managed and to be more comparable to other companies in our industry. The change resulted in facilities expenses, information technology infrastructure and software expenses, and information security infrastructure and software expenses being allocated to all functional departments based on headcount, while other previously allocated expenses are recorded within general and administrative expenses. The effect of this change is an increase in general and administrative expenses and a decrease in cost of revenue and other operating expense categories. Prior period amounts have been re-classified to reflect the revised methodology in our prior year consolidated financial statements and accompanying notes for comparability purposes.

	Fiscal years ended July 31,					
	2023		2022		Change	
	Amount	% of total revenue	Amount	% of total revenue	($)	(%)
	(In thousands, except percentages)					
Operating expenses:						
Research and development	$ 249,746	28 %	$ 229,230	28 %	$ 20,516	9 %
Sales and marketing	188,224	21	182,620	23	5,604	3
General and administrative	169,731	19	164,773	20	4,958	3
Total operating expenses	$ 607,701	68 %	$ 576,623	71 %	$ 31,078	5 %
Includes stock-based compensation of:						
Research and development	$ 39,865		$ 33,446		$ 6,419	
Sales and marketing	29,925		31,281		(1,356)	
General and administrative	39,259		37,392		1,867	
Total	$ 109,049		$ 102,119		$ 6,930	

Research and Development

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

The $20.5 million increase in research and development expenses was primarily due to increases in personnel costs of $25.2 million associated with higher headcount and software subscription costs of $1.0 million. These increases were partially offset by decreases in cloud hosting costs of $3.5 million and professional services of $2.2 million. Cloud hosting costs are benefiting from the efficiencies that we are achieving with GWCP and the five-year agreement with a cloud infrastructure services provider that was entered into in the first quarter of this fiscal year.

Our research and development headcount was 1,069 as of July 31, 2023, as compared to 972 as of July 31, 2022.

We expect our research and development expenses to increase in absolute dollars due to inflation and investments to support our growing customer base, but decrease as a percentage of revenue after a period of significant investment in cloud platform capabilities as overall hiring slows and we focus on hiring in lower cost regions. We continue to dedicate internal resources to develop, improve, and expand the functionality of our solutions and 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. Included in our personnel costs are commissions, which are considered contract acquisition costs and are capitalized when earned and expensed 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. Sales and marketing expenses also include travel expenses, professional services for marketing activities, and amortization of certain acquired intangibles.

The $5.6 million increase in sales and marketing expenses was primarily due to increases in personnel costs of $6.2 million, including $2.8 million related to contract acquisition costs and $1.5 million of severance expenses incurred in the first quarter of fiscal year 2023, travel costs of $2.6 million due to more in-person client interactions, and marketing and advertising costs of $0.5 million. These increases were partially offset by decreases in amortization of intangibles of $2.9 million due to certain acquired intangible assets being fully amortized, professional services costs of $0.5 million, and cloud hosting costs of $0.3 million.

Our sales and marketing headcount was 463 as of July 31, 2023, as compared to 475 as of July 31, 2022.

We expect our sales and marketing expenses to continue to increase in absolute dollars due to inflation and investments to support ongoing growth, but decrease as a percentage of revenue as overall hiring slows after a period of investment in building out our customer success team and adding analytics and cloud sales capabilities.

General and Administrative

Our general and administrative expenses include executive, finance, human resources, information technology, information security, legal, and corporate development and strategy functions, and primarily consist of personnel costs and, to a lesser extent, professional services, software costs, and cloud hosting costs.

The $5.0 million increase in our general and administrative expenses was primarily due to the net impact of the assignment of the lease agreement for our previous headquarters and concurrent sublease for office space in San Mateo, California with the same third party for our new worldwide headquarters which resulted in an $8.5 million expense, personnel costs of $3.0 million, which includes $1.0 million of severance expense incurred in the first quarter of fiscal year 2023, and software subscriptions and cloud hosting costs of $2.7 million. These increases were partially offset by decreases in facilities costs of $8.0 million and professional services costs of $1.5 million.

Our general and administrative headcount was 451 as of July 31, 2023, as compared to 478 as of July 31, 2022. General and administrative headcount includes facilities personnel whose expenses are allocated across all functional departments.

We expect that our general and administrative expenses will increase in absolute dollars due to inflation and investments required to support our strategic initiatives, grow our business, and meet our product and information security, compliance and reporting obligations, but decrease as a percentage of revenue as overall hiring and investments slow.

Other Income (Expense)

	Fiscal years ended July 31, 2023	2022	Change	
	Amount	Amount	($)	(%)
	(In thousands, except percentages)			
Interest income	$ 24,389	$ 6,277	$ 18,112	289 %
Interest expense	$ (6,716)	$ (19,446)	$ 12,730	(65)%
Other income (expense), net	$ (2,277)	$ (17,099)	$ 14,822	(87)%

Interest Income

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

Interest income increased by $18.1 million in fiscal year 2023, primarily due to higher interest rates on invested funds, even though we had a lower funds available for investment.

Interest Expense

Prior to August 1, 2022 and adoption of ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, interest expense included both stated interest and the amortization of debt discount and issuance costs associated with our Convertible Senior Notes. Previously, the amortization of debt discount and issuance costs were recognized on an effective interest basis. For periods after August 1, 2022, there is no longer a debt discount component related to the Convertible Senior Notes as it was eliminated upon adoption. Stated interest expense is consistent in the comparative periods as the outstanding principal and stated interest rate have not changed.

Interest expense for the 12 months ended July 31, 2023 consists of stated interest of $5.0 million and non-cash interest expense of $1.7 million related to amortization of debt issuance costs. Interest expense for the 12 months ended July 31, 2022 consists of stated interest of $5.0 million and non-cash interest expense of $14.4 million related to the amortization of debt discount and issuance costs.

Other Income (Expense), Net

Other income (expense), net includes 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. Our monetary assets and liabilities denominated in currencies other than the functional currency of the entity in which they are recorded consist primarily of trade accounts receivable, unbilled accounts receivable, trade accounts payable, and intercompany receivables and payables. We have significant transactions in the following currencies: Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, Japanese Yen, Malaysian Ringgit, and Polish Zloty.

Other income (expense), net in fiscal year 2023 was expense of $2.3 million compared to expense of $17.1 million in fiscal year 2022. The decrease was due to fluctuations in foreign currency exchange rates. In addition to the foreign currency exchange rate fluctuations during the fiscal year ended July 31, 2023, an impairment charge of $0.8 million was recognized related to a strategic equity investment.

Provision for (benefit from) Income Taxes

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

	Fiscal years ended July 31,			
	2023	2022	Change	
	Amount	Amount	($)	(%)
	(In thousands, except percentages)			
Provision for (benefit from) income taxes	$ (22,239)	$ (49,284)	$ 27,045	(55)%
Effective tax rate	17 %	21 %		

We recognized an income tax benefit of $22.2 million for fiscal year 2023 compared to an income tax benefit of $49.3 million for fiscal year 2022. The decrease in our income tax benefit for fiscal year 2023 was primarily due to a decrease in pre-tax net loss, an increase in tax deficiencies related to stock-based compensation, certain non-deductible expenses, including executive compensation limitation, and an increase in foreign earnings taxed in the U.S., partially offset by an increase in research and development tax credits and the release of uncertain tax positions.

As of July 31, 2023, we had unrecognized tax benefits of $12.9 million that, if recognized, would affect our effective tax rate, as certain unrecognized tax benefits have a valuation allowance.

The effective tax rate could differ from the statutory U.S. Federal income tax rate of 21% primarily due to state taxes, tax deficiencies related to stock-based compensation, research and development credits, foreign earnings taxed in the U.S., release of uncertain tax positions, a change in valuation allowance and certain non-deductible expenses, including, but not limited to, executive compensation limitation.

Comparison of the Fiscal Years Ended July 31, 2022 and 2021

Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations located in our 10-K for the fiscal year ended July 31, 2022, filed on September 26, 2022, for the discussion of the comparison of the fiscal year ended July 31, 2022 to the fiscal year ended July 31, 2021, the earliest of the three fiscal years presented in the consolidated financial statements.

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 (in thousands, except share and per share data):

	Fiscal years ended July 31,	
	2023	**2022**
Gross profit reconciliation:		
GAAP gross profit	$ 458,211	$ 377,176
Non-GAAP adjustments:		
Stock-based compensation	33,793	34,892
Amortization of intangibles	3,360	7,659
Non-GAAP gross profit	$ 495,364	$ 419,727
Income (loss) from operations reconciliation:		
GAAP income (loss) from operations	$ (149,490)	$ (199,447)
Non-GAAP adjustments:		
Stock-based compensation	142,842	137,011
Amortization of intangibles	6,888	14,081
Acquisition consideration holdback	2,939	3,067
Net impact of assignment of lease agreement (1)	8,502	—
Non-GAAP income (loss) from operations	$ 11,681	$ (45,288)
Net income (loss) reconciliation:		
GAAP net income (loss)	$ (111,855)	$ (180,431)
Non-GAAP adjustments:		
Stock-based compensation	142,842	137,011
Amortization of intangibles	6,888	14,081
Acquisition consideration holdback	2,939	3,067
Amortization of debt discount and issuance costs	1,703	14,391
Changes in fair value of strategic investments	802	(1,538)
Net impact of assignment of lease agreement (1)	8,502	—
Tax impact of non-GAAP adjustments	(22,611)	(29,105)
Non-GAAP net income (loss)	$ 29,210	$ (42,524)
Tax provision (benefit) reconciliation:		
GAAP tax provision (benefit)	$ (22,239)	$ (49,284)
Non-GAAP adjustments:		
Stock-based compensation	92,849	37,826

Amortization of intangibles	4,677	3,936
Acquisition consideration holdback	1,924	847
Amortization of debt discount and issuance costs	1,105	4,049
Changes in fair value of strategic investments	(103)	(471)
Net impact of assignment of lease agreement (1)	3,196	—
Tax impact of non-GAAP adjustments	(81,037)	(17,082)
Non-GAAP tax provision (benefit)	$ 372	$ (20,179)
Net income (loss) per share reconciliation:		
GAAP net income (loss) per share – diluted	$ (1.36)	$ (2.16)
Non-GAAP adjustments:		
Stock-based compensation	1.74	1.63
Amortization of intangibles	0.08	0.16
Acquisition consideration holdback	0.04	0.03
Amortization of debt discount and issuance costs	0.02	0.17
Changes in fair value of strategic investments	0.01	0.01
Net impact of assignment of lease agreement (1)	0.10	—
Tax impact of non-GAAP adjustments	(0.28)	(0.35)
Non-GAAP net income (loss) per share – diluted	$ 0.35	$ (0.51)
Shares used in computing Non-GAAP income (loss) per share amounts:		
GAAP weighted average shares – diluted	82,176,629	83,569,517
Non-GAAP dilutive shares excluded from GAAP income (loss) per share calculation	466,516	—
Pro forma weighted average shares – diluted	82,643,145	83,569,517

(1) During the third quarter of fiscal year 2023, the Company recorded in general and administrative expenses a net loss of $8.5 million related to the assignment of the lease agreement for the remaining lease term of the Company's previous headquarters. The loss is comprised of an $18.4 million gain from the de-recognition of the operating lease asset of $56.9 million, the de-recognition of the lease liability of $75.5 million, and other expenses related to the lease assignment of $0.2 million, offset by accelerated depreciation expense related to property and equipment, primarily consisting of leasehold improvements, at the previous headquarters of $26.9 million. Prior to the third quarter of fiscal year 2023, there were no transactions similar to the lease assignment in any periods presented.

Liquidity and Capital Resources

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

	July 31, 2023	July 31, 2022
Cash, cash equivalents, and investments	$ 927,467	$ 1,163,675
Working capital	$ 726,342	$ 915,185

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. Our investments primarily consist of corporate debt securities, U.S. government and agency debt securities, commercial paper, asset-backed securities, and non-U.S. government securities, which include state, municipal and foreign government securities.

As of July 31, 2023, approximately $55.6 million of our cash and cash equivalents were domiciled in foreign jurisdictions. We may repatriate foreign earnings to the United States 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.

Share Repurchase Program

In September 2022, our board of directors authorized and approved a share repurchase program of up to $400.0 million of our outstanding common stock. We entered into an accelerated share repurchase ("ASR") agreement with a large financial institution whereupon we provided them with a prepayment of $200.0 million and received an initial delivery of 2,581,478 shares of our common stock. As of July 31, 2023, the ASR was settled in full which resulted in total repurchases under the ASR of 3,229,479 shares of common stock at an average purchase price of $61.93 per share.

During the fiscal year ended July 31, 2023, the Company repurchased 4,041,284 shares of common stock at an average price of $64.78 per share, for an aggregate purchase price of $261.8 million. As of July 31, 2023, $138.2 million remained available for future share repurchases under the authorized and approved share repurchase program.

During the fiscal year ended July 31, 2022, we repurchased 322,545 shares of common stock at an average price of $116.11 per share for an aggregate purchase price of $37.5 million under a previous authorized and approved share repurchase program.

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 generate positive cash flows from operations on an annual basis in the future, although this may fluctuate significantly on a quarterly basis. In particular, we typically use more cash during our first fiscal quarter, which is the quarter ending October 31, as we generally pay cash bonuses to our employees for the prior fiscal year and seasonally higher sales commissions from increased customer orders booked in our fourth fiscal quarter of the prior year. Additionally, our capital expenditures may fluctuate depending on future office build outs and development activities subject to capitalization.

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 cash requirements will depend on many factors, including our rate of revenue growth, the expansion of our sales and marketing activities, the timing and extent of our spending to support our research and development efforts, investments in cloud infrastructure, cybersecurity, and operating costs, and expansion into other markets. We also may invest in or acquire complementary businesses, applications or technologies, or may execute on a board-authorized share repurchase program, 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 consolidated financial statements included elsewhere in this Annual Report on Form 10-K (in thousands):

	Fiscal years ended July 31,	
	2023	**2022**
Net cash provided by (used in) operating activities	$ 38,395	$ (37,940)
Net cash provided by (used in) investing activities	$ 12,712	$ 312,212
Net cash provided by (used in) financing activities	$ (261,579)	$ (37,335)

Cash Flows from Operating Activities

Net cash provided by operating activities increased by $76.3 million in fiscal year 2023 as compared to fiscal year 2022. The increase in operating cash provided was primarily attributable to an $81.0 million decrease in net loss 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, partially offset by an increase of $4.7 million in cash used by working capital activities.

Cash Flows from Investing Activities

Net cash provided by investing activities decreased by $299.5 million in fiscal year 2023 as compared to fiscal year 2022. The decrease in cash provided by investing activities was primarily due to a decrease in net cash provided from available-for-sale securities transactions of $348.3 million, partially offset by lower capital expenditures and capitalized software development costs of $4.3 million, decreased business acquisition costs of $43.8 million as HazardHub was acquired in fiscal year 2022, and a $0.7 million net decrease in amounts paid for strategic investments.

Cash Flows from Financing Activities

Net cash used in financing activities increased by $224.2 million in fiscal year 2023 as compared to fiscal year 2022. The increase in cash used was primarily because of our authorized share repurchase programs which resulted in our repurchase of $224.3 million more of our common stock during fiscal year 2023 compared to the same period a year ago, partially offset by an increase in proceeds from option exercises of $0.1 million.

Commitments and Contractual Obligations

Our estimated future obligations consist of leases, royalties, purchase obligations, debt, and taxes as of July 31, 2023. Refer to Note 8 “Leases,” Note 9 “Commitments and Contingencies,” and Note 11 “Income Taxes” to our consolidated financial statements included in this Annual Report on Form 10-K for more information.

Effective during the fiscal year ended July 31, 2023, we entered into an agreement with a cloud infrastructure services provider for a total obligation of $600 million over a five-year period.

Effective during the fiscal year ended July 31, 2023, we assigned the remaining lease term of our previous headquarters and concurrently entered into a sublease for office space in San Mateo, California with the same third party for our new worldwide headquarters.

Off-Balance Sheet Arrangements

Through July 31, 2023, 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 7A. 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. Our cash, cash equivalents, and investments as of July 31, 2023 and 2022 were $927.5 million and $1,163.7 million, respectively, primarily consisting of cash, money market funds, corporate debt securities, U.S. government and agency debt securities, commercial paper, asset-backed securities and non-U.S. government securities, which include state, municipal, and foreign government securities. Changes in interest rates, primarily in the United States, affect the interest earned on our cash, cash equivalents, and investments, and their market value. A hypothetical 100 basis point increase in interest rates is estimated to result in a decrease of $3.0 million and $3.6 million in the market value of our available-for-sale securities as of July 31, 2023 and 2022, 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, ARR, and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, and Polish Zloty, the currency of the locations within which we have significant operations. 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 entity in which they are recorded. Our monetary assets and liabilities denominated in currencies other than the functional currency of the entity in which they are recorded consist primarily of trade accounts receivable, unbilled accounts receivable, trade accounts payable, and intercompany receivables and payables. For the periods ended July 31, 2023 and 2022, we recorded a foreign currency loss of $1.8 million and $17.2 million, respectively, in other income (expense) in our consolidated statements of operations. 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 is estimated to be approximately $28.8 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 high quality 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 current position does not preclude our adoption of specific hedging strategies in the future.

Our strategic investments in privately held securities are in various classes of equity. The particular securities we hold, and their rights and preferences relative to those of other securities within the capital structure, may impact the magnitude by which our investment value moves in relation to movements in the total enterprise value of the company in which we are invested. As a result, our investment in a specific company may move by more or less than any change in value of that overall company. In addition, the financial success of our investment in any company is typically dependent on a liquidity event, such as a public offering, acquisition, or other favorable market event reflecting appreciation to the value of our investment. All of our investments, particularly those in privately held companies, are therefore subject to a risk of partial or total loss of invested capital.

Item 8. Financial Statements and Supplemental Data

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Guidewire Software, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Guidewire Software, Inc. and subsidiaries (the Company) as of July 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended July 31, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of July 31, 2023, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of July 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended July 31, 2023, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2023 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Critical Audit Matter

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

Evaluation of revenue related to software licensing arrangements and subscriptions to cloud services with non-standard terms

As discussed in Notes 1 and 2 to the consolidated financial statements, revenue was derived principally from software licensing arrangements, subscriptions to cloud services, and implementation and other professional services. The Company recognized total revenue of $905.3 million for the year ended July 31, 2023. The Company’s software licensing arrangements generally have a two-year initial term and subscriptions to cloud services generally have a three- to five-year term, with a customer option to renew on an annual basis after the initial term. Consideration for software licensing arrangements and subscriptions to cloud services is typically billed in advance on an annual basis over the term.

We identified the evaluation of revenue from software licensing arrangements and subscriptions to cloud services with non-standard terms and conditions as a critical audit matter. Significant auditor judgment was required to evaluate the Company’s assessment of the impact on revenue recognition of non-standard terms and conditions, including, the identification and evaluation of the accounting impact of contract modifications related to software licensing term extensions, and arrangements that provide a customer with the ability to transition from a software licensing arrangement to a subscription to cloud services during the contractual term.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of an internal control related to the critical audit matter. This control is related to the identification and evaluation of software licensing arrangements and subscriptions to cloud services with non-standard terms and conditions. We tested certain software licensing arrangements and subscriptions to cloud services by reading the underlying customer agreements and evaluating the Company’s assessment of the contractual terms and conditions in accordance with revenue recognition requirements. Specifically, this included an evaluation of the Company’s identification and assessment of non-standard terms and conditions that could give rise to special accounting consideration.

/s/ KPMG LLP

We have served as the Company’s auditor since 2006.

Santa Clara, California
September 18, 2023

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

	July 31, 2023	July 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 401,813	$ 606,303
Short-term investments	396,872	369,865
Accounts receivable, net of allowances of $218 and $359, respectively	151,034	143,797
Unbilled accounts receivable, net	87,752	71,515
Prepaid expenses and other current assets	62,132	61,223
Total current assets	1,099,603	1,252,703
Long-term investments	128,782	187,507
Unbilled accounts receivable, net	11,112	13,914
Property and equipment, net	54,499	80,740
Operating lease assets	52,373	90,287
Intangible assets, net	14,473	21,361
Goodwill	372,214	372,192
Deferred tax assets, net	226,875	191,461
Other assets	67,957	56,732
TOTAL ASSETS	$ 2,027,888	$ 2,266,897
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 34,627	$ 40,440
Accrued employee compensation	103,980	90,962
Deferred revenue, net	206,923	170,776
Other current liabilities	27,731	35,340
Total current liabilities	373,261	337,518
Lease liabilities	42,972	105,123
Convertible senior notes, net	397,171	358,216
Deferred revenue, net	5,988	7,500
Other liabilities	9,030	6,883
Total liabilities	828,422	815,240
Commitments and contingencies (Note 9)		
STOCKHOLDERS' EQUITY:		
Common stock, par value $0.0001 per share—500,000,000 shares authorized as of July 31, 2023 and 2022; 81,440,669 and 84,084,209 shares issued and outstanding as of July 31, 2023 and 2022, respectively	8	8
Additional paid-in capital	1,831,267	1,755,476
Accumulated other comprehensive income (loss)	(13,859)	(19,845)
Retained earnings (accumulated deficit)	(617,950)	(283,982)
Total stockholders' equity	1,199,466	1,451,657
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,027,888	$ 2,266,897

See accompanying Notes to Consolidated Financial Statements.

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

	Fiscal years ended July 31,		
	2023	**2022**	**2021**
Revenue:			
Subscription and support	$ 429,667	$ 343,708	$ 252,358
License	265,593	258,631	303,792
Services	210,081	210,275	187,117
Total revenue	905,341	812,614	743,267
Cost of revenue:			
Subscription and support	210,507	202,832	157,488
License	6,488	8,754	10,569
Services	230,135	223,852	185,650
Total cost of revenue	447,130	435,438	353,707
Gross profit:			
Subscription and support	219,160	140,876	94,870
License	259,105	249,877	293,223
Services	(20,054)	(13,577)	1,467
Total gross profit	458,211	377,176	389,560
Operating expenses:			
Research and development	249,746	229,230	201,465
Sales and marketing	188,224	182,620	150,521
General and administrative	169,731	164,773	143,158
Total operating expenses	607,701	576,623	495,144
Income (loss) from operations	(149,490)	(199,447)	(105,584)
Interest income	24,389	6,277	7,395
Interest expense	(6,716)	(19,446)	(18,711)
Other income (expense), net	(2,277)	(17,099)	12,619
Income (loss) before provision for (benefit from) income taxes	(134,094)	(229,715)	(104,281)
Provision for (benefit from) income taxes	(22,239)	(49,284)	(37,774)
Net income (loss)	$ (111,855)	$ (180,431)	$ (66,507)
Net income (loss) per share:			
Basic and diluted	$ (1.36)	$ (2.16)	$ (0.79)
Shares used in computing net income (loss) per share:			
Basic and diluted	82,176,629	83,569,517	83,577,375

See accompanying Notes to Consolidated Financial Statements.

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

	Fiscal years ended July 31,		
	2023	**2022**	**2021**
Net income (loss)	$ (111,855)	$ (180,431)	$ (66,507)
Other comprehensive income (loss):			
Foreign currency translation adjustments	2,642	(7,201)	1,779
Unrealized gains (losses) on available-for-sale securities	5,377	(8,342)	(4,746)
Tax benefit (expense) on unrealized gains (losses) on available-for-sale securities	(1,053)	2,009	872
Reclassification adjustment for realized gains (losses) included in net income (loss)	(980)	(93)	1,123
Total other comprehensive income (loss)	5,986	(13,627)	(972)
Comprehensive income (loss)	$ (105,869)	$ (194,058)	$ (67,479)

See accompanying Notes to Consolidated Financial Statements.

GUIDEWIRE SOFTWARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for share data)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings (accumulated deficit)	Total stockholders' equity
	Shares	Amount				
Balance as of July 31, 2020	**83,461,925**	**$ 8**	**$ 1,499,050**	**$ (5,246)**	**$ 162,956**	**$ 1,656,768**
Net income (loss)	—	—	—	—	(66,507)	(66,507)
Issuance of common stock upon exercise of stock options	53,932	—	1,932	—	—	1,932
Issuance of common stock upon vesting of RSUs	1,167,291	—	—	—	—	—
Stock-based compensation	—	—	116,222	—	—	116,222
Repurchase and retirement of common stock	(1,488,991)	—	—	—	(162,549)	(162,549)
Foreign currency translation adjustment	—	—	—	1,779	—	1,779
Unrealized gain (loss) on available-for-sale securities, net of tax	—	—	—	(3,874)	—	(3,874)
Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss)	—	—	—	1,123	—	1,123
Balance as of July 31, 2021	**83,194,157**	**$ 8**	**$ 1,617,204**	**$ (6,218)**	**$ (66,100)**	**$ 1,544,894**
Net income (loss)	—	—	—	—	(180,431)	(180,431)
Issuance of common stock upon exercise of stock options	10,472	—	116	—	—	116
Issuance of common stock upon vesting of RSUs	1,202,125	—	—	—	—	—
Stock-based compensation	—	—	138,156	—	—	138,156
Repurchase and retirement of common stock	(322,545)	—	—	—	(37,451)	(37,451)
Foreign currency translation adjustment	—	—	—	(7,201)	—	(7,201)
Unrealized gain (loss) on available-for-sale securities, net of tax	—	—	—	(6,333)	—	(6,333)
Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss)	—	—	—	(93)	—	(93)
Balance as of July 31, 2022	**84,084,209**	**$ 8**	**$ 1,755,476**	**$ (19,845)**	**$ (283,982)**	**$ 1,451,657**
Net income (loss)	—	—	—	—	(111,855)	(111,855)
Issuance of common stock upon exercise of stock options	6,582	—	228	—	—	228
Issuance of common stock upon vesting of RSUs	1,391,162	—	—	—	—	—
Stock-based compensation		—	143,566	—	—	143,566
Repurchase and retirement of common stock	(4,041,284)	—	—	—	(261,807)	(261,807)
Foreign currency translation adjustment	—	—	—	2,642	—	2,642
Unrealized gain (loss) on available-for-sale securities, net of tax	—	—	—	4,324	—	4,324
Reclassification adjustment for realized gain (loss) on available-for-sale securities, included in net income (loss)	—	—	—	(980)	—	(980)
Adoption of Accounting Standards Update ("ASU") 2020-06	—	—	(68,003)	—	39,694	(28,309)
Balance as of July 31, 2023	**81,440,669**	**$ 8**	**1,831,267**	**(13,859)**	**(617,950)**	**1,199,466**

See accompanying Notes to Consolidated Financial Statements.

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

	Fiscal years ended July 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (111,855)	$ (180,431)	$ (66,507)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	24,838	33,540	36,955
Amortization of debt discount and issuance costs	1,703	14,391	13,617
Amortization of contract costs	17,966	14,456	11,442
Stock-based compensation	142,842	137,011	115,009
Changes to allowance for credit losses and revenue reserves	(131)	2,597	226
Deferred income tax	(27,516)	(54,115)	(35,789)
Amortization of premium (accretion of discount) on available-for-sale securities, net	(4,858)	5,498	6,567
Changes in fair value of strategic investments	802	(1,545)	—
Accelerated depreciation related to lease assignment	26,921	—	—
Gain from lease assignment	(18,419)	—	—
Other non-cash items affecting net income (loss)	164	63	863
Changes in operating assets and liabilities:			
Accounts receivable	(7,301)	(42,545)	10,820
Unbilled accounts receivable	(13,435)	18,106	(19,194)
Prepaid expenses and other assets	(22,613)	(23,390)	(16,764)
Operating lease assets	(19,000)	7,160	6,350
Accounts payable	(6,080)	13,580	3,627
Accrued employee compensation	12,440	(8,942)	41,526
Deferred revenue	34,635	31,564	12,940
Lease liabilities	9,548	(9,637)	(3,346)
Other liabilities	(2,256)	4,699	(6,755)
Net cash provided by (used in) operating activities	38,395	(37,940)	111,587
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of available-for-sale securities	(506,115)	(519,536)	(1,033,095)
Maturities and sales of available-for-sale securities	547,094	908,914	1,128,524
Purchases of property and equipment	(5,821)	(9,510)	(19,008)
Capitalized software development costs	(11,606)	(12,266)	(9,846)
Acquisition of strategic investments	(10,840)	(11,560)	(2,384)
Acquisition of business, net of acquired cash	—	(43,830)	—
Net cash provided by (used in) investing activities	12,712	312,212	64,191
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock upon exercise of stock options	228	116	1,932
Repurchase and retirement of common stock	(261,807)	(37,451)	(161,319)
Net cash provided by (used in) financing activities	(261,579)	(37,335)	(159,387)
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	2,576	(7,161)	1,550
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(207,896)	229,776	17,941
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of period	614,686	384,910	366,969
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of period	$ 406,790	$ 614,686	$ 384,910
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 5,000	$ 5,000	$ 5,000
Cash paid for income taxes, net of tax refunds	$ 5,167	$ 4,323	$ 4,155
Accruals for purchase of property and equipment	$ 1,136	$ 1,114	$ 1,676
Accruals for capitalized cloud software development costs	$ 1,094	$ 1,250	$ 845
Accrual for shares repurchased	$ —	$ —	$ 1,230

See accompanying Notes to Consolidated Financial Statements.

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 a technology platform which combines core operations, digital engagement, analytics, machine learning, and artificial intelligence (“AI”) applications. The Company’s technology platform supports core insurance operations, including underwriting, policy administration, claim management, and billing; insights into data that can improve business decision making; and digital sales, service, and claims experiences for policyholders, agents, and other key stakeholders. The Company’s customers are primarily property and casualty insurance carriers.

Basis of Presentation and Consolidation

The Company’s consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The consolidated financial statements and 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 periods presented. All intercompany balances and transactions have been eliminated in consolidation.

Reclassification

Effective as of the beginning of fiscal year 2023, the Company revised its allocation methodology for determining the presentation of certain expenses. The change resulted in facilities expenses, information technology infrastructure and software expenses, and information security infrastructure and software expenses being allocated to all functional departments based on headcount, while the remaining previously allocated costs being recorded within general and administrative expenses. The impact was an increase in general and administrative expenses and a decrease in cost of revenue and other operating expense categories. Accordingly, prior period amounts have been reclassified to conform to the current period presentation in the Company's consolidated financial statements and the accompanying notes presented herein.

Use of Estimates

The preparation of the accompanying 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, accounts receivable and unbilled accounts receivable allowances, valuation allowance for deferred tax assets, stock-based compensation, annual bonus attainment, income tax uncertainties, fair value of convertible senior notes and investments, valuation of goodwill and intangible assets, fair value of acquired assets and assumed liabilities, software development costs to be capitalized, leases, 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) as a separate component of stockholders’ equity in the accompanying 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 included in other income (expense) in the 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.

Restricted Cash

Unearned acquisition consideration holdback subject to service conditions is held in escrow and considered restricted cash. At July 31, 2023, unearned acquisition consideration holdback of $2.9 million was included in prepaid expenses and other current assets and $2.1 million was included in other assets in the consolidated balance sheet.

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. Investments are recorded at fair value with unrealized holding gains and losses, net of taxes, generally included in accumulated other comprehensive income (loss). Unrealized losses related to the credit worthiness of an investment, if any, are recorded in other income (expense), net on the consolidated statements of operations.

Property, Equipment, and Software Development Costs

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
Software development	3 to 5 years
Equipment and machinery	3 to 5 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of 10 years or remaining lease term

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 amortized 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 accompanying consolidated statements of operations as incurred.

The Company capitalizes software development costs for technology applications that provide new or significantly enhanced functionality that the Company will offer solely as a cloud-based subscription. Capitalized costs are primarily comprised of compensation for employees who are directly associated with cloud software development projects. The Company begins to capitalize costs 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, which is typically once the technology applications are available for general release, 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 recorded as research and development expense in the Company's consolidated statements of operations. Capitalized software development costs are recorded in property and equipment in the Company's consolidated balance sheets.

Leases

The Company accounts for leases under Accounting Standards Codification Topic 842: Leases ("ASC 842") issued by the Financial Accounting Standards Board. 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 non-cancellable 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, maintenance, and taxes, 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 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 consolidated statements of operations in each of the cost of revenue and operating expense categories.

The Company may also enter 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 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. There have been no long-lived asset impairments during the periods presented.

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 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 or 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 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”). Prior to the adoption of ASU 2020-06 on August 1, 2022, upon 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 did 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 difference between the principal amount of the Convertible Senior Notes and the liability component was initially recorded as a debt discount and was amortized as interest expense using the effective interest method over the term of the Convertible Senior Notes. Refer to Recently Adopted Accounting Pronouncements section for the adoption impact of ASU 2020-06.

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 to the Company’s 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, accounts receivable, and unbilled 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 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 years ended July 31, 2023, 2022, and 2021. As of July 31, 2023 and July 31, 2022, no customer accounted for 10% or more of the Company's total accounts receivable.

Accounts Receivable and Allowances

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 credit losses based upon the expected collectability of its accounts receivable and unbilled 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. Credit losses are recorded in general and administrative expense while billing and other revenue adjustments are recorded against the corresponding revenue financial statement line item in the consolidated statements of operations.

Revenue Recognition

The Company's revenue is derived from contracts with customers. The majority of the Company's revenue is derived from subscriptions to its cloud services, licensing arrangements for its software, 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"). 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.

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. 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 with the same customer should be combined and accounted for as a single contract. The customer's ability and intent to pay 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 services and products 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 services and products 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, recognized revenue 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:

i. 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

ii. distinct in the context of the contract, whereby the transfer of the services or products 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:

i. Subscription services related to the Company's Software-as-a-Service ("SaaS") offerings, including hosting;

ii. Support activities that consist of email and phone support, bug fixes, and unspecified software updates and upgrades released when, and if, available during the support term;

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

iv. Services related to the implementation and configuration of the Company's services and products, reimbursable travel, and training.

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. Term licenses generally have a two-year initial term with a customer option to renew on an annual basis after the initial term. In certain circumstances, the Company will enter into term licenses with an initial term of more than two years or a renewal period longer than one year. Support for term licenses follows the same contract periods. 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. Consideration may vary due to discounts, incentives, and potential service level credits or contractual penalties. 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.

The Company elected the practical expedient to evaluate whether a significant financing component exists when the contract term is greater than one year and 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. This timing difference can also occur when subscription services have significant ramps in the annual invoice amount over the committed term. 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 and the Company's typical subscription services are generally billed in advance of providing the services.

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. Some of the Company's performance obligations, such as support, 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 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.

The majority of the Company's contracts contain multiple performance obligations, such as when licenses are sold with support, implementation services, or training services. Additionally, as customers enter into subscription agreements to migrate from an existing term license agreement, customers may be under contract for self-managed licenses and support, in addition to subscription services, for a period of time, which may require an allocation of the transaction price to each performance obligation. New and migration subscription agreements also typically include implementation, configuration, and training services, which may require an allocation of the transaction price to each performance obligation.

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

The Company recognizes revenue when control of the services or products is 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 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, which is generally two years.

Performance obligations satisfied over a period of time

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

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 arrangements are generally three to five years in duration. Consideration for subscription arrangements is typically billed in advance on an annual basis over the contract period and the annual billing may ramp over the contract period.

Revenue from support activities associated with self-managed licenses is a stand-ready obligation, which is generally 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 support activities is typically billed in advance on an annual basis. The Company's support activities are consistently priced as a percentage of the associated self-managed software license.

Revenue from professional service arrangements is recognized over the 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 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 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 any allowances as part of current assets in the 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. Additionally, subscription agreements with ramped billing schedules could result in unbilled accounts receivable in the early years of the committed term. Unbilled accounts receivable is classified as either current or non-current based on the duration of remaining time between the date of the consolidated balance sheets and the anticipated due date of the underlying receivables. Unbilled accounts receivable is evaluated for credit losses based upon the expected collectibility of future accounts receivable, customer payment history, global economic conditions, and ongoing credit evaluations of customers. Unbilled accounts receivable is presented net of allowance for credit losses, if applicable, in the consolidated balance sheets. This balance represents contract assets.
- Contract costs include customer acquisition costs, which consist primarily of sales commissions and related payroll taxes paid to sales personnel and referral fees paid to third-parties, and costs to fulfill a contract, which consist primarily of royalties payable to third-party software providers that support both the Company's software offerings and

support services. 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 services or products have not been transferred to the customer. Deferred revenue consists primarily of subscriptions and support services that are billed annually in advance but recognized over time. Deferred revenue that will be realized during the 12-month period following the date of the consolidated balance sheets is recorded as current. The remaining deferred revenue is recorded as non-current. These balances represent contract liabilities.

The Company may receive consideration from its customers in advance of performance on a portion of the contract, thereby creating a contractual liability, and, on another portion of the contract, perform in advance of receiving consideration, thereby creating a contractual asset. 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 consist 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 the expected amortization period is greater than one year. Contract costs are classified as either current or non-current based on the duration of time remaining between the date of the 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 in which the benefit is expected to be received, 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 consolidated statement of operations.

Costs to fulfill a contract, or 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 consolidated statement of operations.

Warranties

The Company generally provides a warranty for its software services and products to its customers for periods ranging from three to 12 months. The Company’s software products are generally warranted to be free of defects in materials and workmanship under normal use and to substantially perform as described in published documentation. The Company’s services are generally warranted to be performed in a professional manner and to materially conform to the specifications set forth in the related customer contract. In the event there is a failure of such warranties, the Company generally will correct the problem or provide a reasonable workaround or replacement product. If the Company cannot correct the problem or provide a workaround or replacement product, then the customer’s remedy is generally limited to a refund of the fees paid for the non-conforming products or services. Warranty expense has been insignificant to date.

Advertising Costs

Advertising costs are expensed as incurred and amounts incurred were $0.3 million during the year ended July 31, 2023, and were not material during the years ended July 31, 2022 and 2021.

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. The Company has granted stock options, time-based restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs"). RSUs and PSUs are collectively referred to as "Stock Awards."

The fair value of the Company's 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 three to 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 performance conditions using the graded vesting method and a portion of the expense may fluctuate depending on changing estimates of the achievement of the performance conditions.

The fair value of the Company's stock options is estimated at the grant date using the Black-Scholes option-pricing model. Recently granted stock options are subject to time-based vesting, which generally occurs over a period of two years. The Company recognizes compensation expense for stock options that contain only service conditions on a straight-line basis over the requisite service period, which is generally the vesting period of the respective stock options. The inputs used in the Black-Scholes option-pricing model, which are subjective and generally requires significant judgment to determine, include:

Expected Term — The expected term represents the period that the stock-based awards are expected to be outstanding. The simplified method calculates the expected term as the average of the time-to-vesting and the contractual life of the options. The Company uses the simplified method to determine its expected term because of its limited history of stock option exercise activity.

Expected Volatility — The expected volatility is derived from the historical volatility of the Company's common stock.

Risk-Free Interest Rate — The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the options.

Expected Dividend — The expected dividend is zero, as the Company has never paid dividends and has no expectations to do so.

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 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 of 2017 (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 consolidated statement of operations.

Recently Adopted Accounting Pronouncements

Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

On August 1, 2022, the Company adopted ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for convertible instruments. In addition, this ASU amends the requirement for calculating diluted earnings per share for convertible instruments by using the "if-converted" method instead of the treasury stock method. The use of the "if-converted" method will not impact the Company's diluted earnings per share in the periods in which the Company has a net loss.

The Company adopted the ASU using the modified retrospective transition method, and the prior period consolidated financial statements have not been retrospectively adjusted and continue to be reported under the accounting standards in effect for those periods. As a result of the adoption, the Company accounts for the Convertible Senior Notes as a single liability and no longer separately accounts for the liability and equity components. The adoption of this ASU also resulted in the de-recognition of a deferred tax liability, which represented a basis difference in the face value of the Convertible Senior Notes due to the previous allocation of a portion of the proceeds to the equity component. Additionally, the Company recorded a cumulative adjustment to decrease the beginning balance of the accumulated deficit on August 1, 2022, which represented a reversal of the previously recorded amortization of debt discount through July 31, 2022.

The following table summarizes the adjustments made to the consolidated balance sheet as of August 1, 2022 as a result of applying the modified retrospective adoption method (in thousands):

	Balances reported as of July 31, 2022	Cumulative effect adjustment due to adoption of ASU 2020-06	Adjusted beginning balance as of August 1, 2022
Deferred tax assets, net	$ 191,461	$ 8,944	$ 200,405
Convertible senior notes, net	$ (358,216)	$ (37,253)	$ (395,469)
Additional paid-in capital	$ (1,755,476)	$ 68,003	$ (1,687,473)
Accumulated deficit	$ 283,982	$ (39,694)	$ 244,288

Other Accounting Pronouncements

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

2. Revenue

Disaggregation of Revenue

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

	Fiscal years ended July 31,		
	2023	2022	2021
Subscription and support			
Subscription	$ 352,145	$ 259,232	$ 168,649
Support	77,522	84,476	83,709
License			
Term license	265,389	258,440	303,309
Perpetual license	204	191	483
Services	210,081	210,275	187,117
Total revenue	$ 905,341	$ 812,614	$ 743,267

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

	Fiscal year ended July 31, 2023			
	Subscription and support	License	Services	Total
United States	$ 289,152	$ 141,465	$ 143,243	$ 573,860
Canada	71,039	16,677	17,965	105,681
Other Americas	5,891	3,323	3,090	12,304
Total Americas	366,082	161,465	164,298	691,845
United Kingdom	10,255	23,938	2,733	36,926
Other EMEA	30,406	42,805	32,505	105,716
Total EMEA	40,661	66,743	35,238	142,642
Total APAC	22,924	37,385	10,545	70,854
Total revenue	$ 429,667	$ 265,593	$ 210,081	$ 905,341

	Fiscal year ended July 31, 2022			
	Subscription and support	License	Services	Total
United States	$ 229,177	$ 151,464	$ 135,783	$ 516,424
Canada	55,633	17,145	27,232	100,010
Other Americas	4,608	3,094	2,682	10,384
Total Americas	289,418	171,703	165,697	626,818
United Kingdom	9,421	20,740	4,074	34,235
Other EMEA	22,732	32,508	28,944	84,184
Total EMEA	32,153	53,248	33,018	118,419
Total APAC	22,137	33,680	11,560	67,377
Total revenue	$ 343,708	$ 258,631	$ 210,275	$ 812,614

	Fiscal year ended July 31, 2021			
	Subscription and support	License	Services	Total
United States	$ 167,920	$ 180,742	$ 123,498	$ 472,160
Canada	35,465	26,214	13,464	75,143
Other Americas	4,234	4,651	5,307	14,192
Total Americas	207,619	211,607	142,269	561,495
United Kingdom	6,911	21,032	4,333	32,276
Other EMEA	20,449	39,553	29,574	89,576
Total EMEA	27,360	60,585	33,907	121,852
Total APAC	17,379	31,600	10,941	59,920
Total revenue	$ 252,358	$ 303,792	$ 187,117	$ 743,267

No country or region other than those listed above accounted for more than 10% of revenue during the years ended July 31, 2023, 2022, and 2021.

Customer Contract – Related Balance Sheet Amounts

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

	July 31, 2023	July 31, 2022
Unbilled accounts receivable, net	$ 98,864	$ 85,429
Contract costs, net	$ 47,254	$ 44,235
Deferred revenue, net	$ 212,911	$ 178,276

Unbilled accounts receivable

The unbilled accounts receivable, net increased by $13.4 million primarily due to cloud subscription orders with ramped billing schedules, partially offset by the impact of current year billings on multi-year term license arrangements.

As of July 31, 2023 and 2022, there was no allowance for credit losses associated with unbilled accounts receivable.

Contract costs

The current portion of contract costs of $15.9 million and $14.8 million is included in prepaid and other current assets on the Company's consolidated balance sheets as of July 31, 2023 and 2022, respectively. The non-current portion of contract costs of $31.3 million and $29.4 million is included in other assets on the Company's consolidated balance sheets as of July 31, 2023 and 2022, respectively. The Company amortized $18.0 million, $14.5 million, and $11.4 million of contract costs during the fiscal years ended July 31, 2023, 2022, and 2021 respectively.

Deferred revenue

During the fiscal year ended July 31, 2023, the Company recognized revenue of $167.3 million related to the Company's deferred revenue balance as of July 31, 2022.

Remaining Performance Obligations

The aggregate amount of consideration allocated to remaining performance obligations either not satisfied or partially satisfied, was approximately $1.5 billion as of July 31, 2023. Subscription services are typically satisfied over three to five years, support 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 remaining 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):

	July 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. Government agency securities	$ 84,180	$ 9	$ (151)	$ 84,038
Commercial paper	150,254	—	—	150,254
Corporate bonds	200,691	41	(1,590)	199,142
U.S. Government bonds	87,064	1	(1,230)	85,835
Asset-backed securities	43,573	18	(234)	43,357
Foreign government bonds	14,559	—	(203)	14,356
Certificates of deposit	34,395	—	—	34,395
Money market funds	229,721	—	—	229,721
Total	$ 844,437	$ 69	$ (3,408)	$ 841,098

	July 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. Government agency securities	$ 37,572	$ —	$ (586)	$ 36,986
Commercial paper	197,998	—	—	197,998
Corporate bonds	320,474	8	(4,880)	315,602
U.S. Government bonds	47,014	—	(1,312)	45,702
Asset-backed securities	54,782	—	(611)	54,171
Foreign government bonds	15,109	—	(361)	14,748
Municipal bonds	205	—	—	205
Certificates of deposit	43,715	—	—	43,715
Money market funds	349,492	—	—	349,492
Total	$ 1,066,361	$ 8	$ (7,750)	$ 1,058,619

The Company does not consider any portion of the unrealized losses at July 31, 2023 to be credit losses. The Company has recorded the securities at fair value in its consolidated balance sheets, with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss). The amount of unrealized 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 are presented in the consolidated statements of comprehensive income (loss).

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

	July 31, 2023		
	Less Than 12 Months	12 months or greater	Total
U.S. Government agency securities	$ 77,579	$ 6,459	$ 84,038
Commercial paper	150,254	—	150,254
Corporate bonds	156,396	42,746	199,142
U.S. Government bonds	50,549	35,286	85,835
Asset-backed securities	2,705	40,652	43,357
Foreign government bonds	10,717	3,639	14,356
Certificates of deposit	34,395	—	34,395
Money market funds	229,721	—	229,721
Total	$ 712,316	$ 128,782	$ 841,098

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company applies the three-level valuation hierarchy when measuring the fair value of certain assets and liabilities:

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, by level within the fair value hierarchy (in thousands):

	July 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
U.S. Government agency securities	$ —	$ 8,478	$ —	$ 8,478
Commercial paper	—	61,296	—	61,296
U.S. Government bonds	—	15,949	—	15,949
Money market funds	229,721	—	—	229,721
Total cash equivalents	229,721	85,723	—	315,444
Short-term investments:				
U.S. Government agency securities	—	69,101	—	69,101
Commercial paper	—	88,958	—	88,958
Corporate bonds	—	156,396	—	156,396
U.S. Government bonds	—	34,600	—	34,600
Asset-backed securities	—	2,705	—	2,705
Foreign government bonds	—	10,717	—	10,717
Certificates of deposit	—	34,395	—	34,395
Total short-term investments	—	396,872	—	396,872
Long-term investments:				
U.S. Government agency securities	—	6,459	—	6,459
Corporate bonds	—	42,746	—	42,746
U.S. Government bonds	—	35,286	—	35,286
Asset-backed securities	—	40,652	—	40,652
Foreign government bonds	—	3,639	—	3,639
Total long-term investments	—	128,782	—	128,782
Total	$ 229,721	$ 611,377	$ —	$ 841,098

	July 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
U.S. Government agency securities	$ —	$ 10,000	$ —	$ 10,000
Commercial paper	—	132,066	—	132,066
Certificates of deposit	—	9,689	—	9,689
Money market funds	349,492	—	—	349,492
Total cash equivalents	349,492	151,755	—	501,247
Short-term investments:				
U.S. Government agency securities	—	26,986	—	26,986
Commercial paper	—	65,932	—	65,932
Corporate bonds	—	203,960	—	203,960
U.S. Government bonds	—	25,429	—	25,429
Asset-backed securities	—	8,627	—	8,627
Foreign government bonds	—	4,700	—	4,700
Municipal bonds	—	205	—	205
Certificates of deposit	—	34,026	—	34,026
Total short-term investments	—	369,865	—	369,865
Long-term investments:				
Corporate bonds	—	111,642	—	111,642
U.S. Government bonds	—	20,273	—	20,273
Asset-backed securities	—	45,544	—	45,544
Foreign government bonds	—	10,048	—	10,048
Total long-term investments	—	187,507	—	187,507
Total	$ 349,492	$ 709,127	$ —	$ 1,058,619

Convertible Senior Notes

The fair value of the Convertible Senior Notes was $388.2 million and $387.6 million at July 31, 2023 and 2022, respectively. 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 in markets that are not active (Level 2). The Company carries the Convertible Senior Notes at initial fair value less unamortized debt discount and issuance costs on its consolidated balance sheets. For further information on the Convertible Senior Notes, see Note 7.

4. Acquisitions

On August 18, 2021, the Company completed its acquisition of HazardHub, Inc. (“HazardHub”) for net cash consideration of approximately $53 million, subject to customary transaction adjustments, including $8.2 million of acquisition consideration holdback subject to service conditions over three years. The unearned holdback amount is held in escrow and considered restricted cash. HazardHub provides property risk insights to the property and casualty insurance industry through curation, analysis, and distillation of vast amounts of data to deliver a comprehensive, national catalog of risks that may damage or destroy property. The acquisition was accounted for as a business combination.

In conjunction with the purchase price allocation, the Company determined that HazardHub's separately identifiable intangible assets were acquired technology, customer relationships, and trademarks. The valuation models were based on estimates of future operating projections of HazardHub and rights to sell new products containing the acquired technology, as well as judgments on the discount rates used and other variables. The Company developed forecasts based on a number of factors, including future revenue and operating cost projections, a discount rate that is representative of the weighted average cost of capital, and royalty and long-term sustainable growth rates based on a market analysis. These fair value measurements were based on significant inputs that were not observable in the market and thus represents a Level 3 measurement. The Company amortizes the acquired intangibles over their estimated useful lives as set forth in the table below.

The measurement period ended on August 17, 2022, and the final allocation of the purchase consideration is as follows:

	Purchase Price Allocation	Estimated Useful Lives
	(in thousands)	(in years)
Acquired assets, net of assumed liabilities	$ 176	
Acquired technology	9,700	5
Customer relationships	5,100	5
Trademarks	900	7
Goodwill	31,337	
Deferred tax liability	(2,882)	
Total purchase consideration	$ 44,331	

Goodwill of $31.3 million arising from the acquisition is primarily related to the acquired workforce, expected synergies, and the opportunity to sell into and expand the Company’s customer base. The goodwill recorded is not expected to be deductible for income tax purposes.

Pro forma and historical financial information has not been provided as the acquisition was not material to the consolidated financial statements.

5. Balance Sheet Components

Accounts Receivables, Net

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

	July 31, 2023	July 31, 2022
Accounts receivable	$ 151,252	$ 144,156
Allowance for credit losses and revenue reserves	(218)	(359)
Accounts receivable, net	$ 151,034	$ 143,797

Allowance for Credit Losses and Revenue Reserves

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

Balance as of July 31, 2022	$ 359
Net changes to credit losses	—
Net changes to revenue reserves	(131)
Write-offs, net	(10)
Balance as of July 31, 2023	$ 218

Prepaid Expenses and Other Current Assets

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

	July 31, 2023	July 31, 2022
Prepaid expenses	$ 21,761	$ 24,273
Contract costs	15,918	14,843
Deferred costs	6,753	9,969
Deposits and other receivables	17,700	12,138
Prepaid expenses and other current assets	$ 62,132	$ 61,223

Property and Equipment, Net

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

	July 31, 2023	July 31, 2022
Computer hardware	$ 13,880	$ 14,472
Purchased software	4,671	5,124
Capitalized software development costs	52,163	38,724
Equipment and machinery	3,432	8,248
Furniture and fixtures	6,302	11,467
Leasehold improvements	23,110	59,059
Total property and equipment	103,558	137,094
Less accumulated depreciation	(49,059)	(56,354)
Property and equipment, net	$ 54,499	$ 80,740

As of July 31, 2023 and 2022, no property and equipment was pledged as collateral. Depreciation expense, excluding the amortization of capitalized software development costs, was $36.3 million, $14.0 million and $14.0 million for the fiscal years ended July 31, 2023, 2022, and 2021, respectively. Depreciation expense for the fiscal year ended July 31, 2023 includes $26.9 million of accelerated depreciation expense, recorded from the date the lease was assigned through the date that the lease term ended related to the assignment to an unrelated third party of the Company's previous office headquarters, which was recognized in general and administrative expenses on the consolidated statements of operations. Refer to Note 8 "Leases" for information about the lease assignment of the previous office headquarters.

The Company recognized amortization of capitalized software development costs in cost of subscription and support revenue on the consolidated statements of operations of $9.9 million, $6.3 million and $3.4 million during the fiscal years ended July 31, 2023, 2022, and 2021 respectively.

Goodwill and Intangible Assets, Net

There were no significant changes in the carrying amount of goodwill from July 31, 2022 to July 31, 2023.

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

		July 31, 2023			July 31, 2022		
	Remaining Weighted-Average Useful Life (in years)	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Acquired technology	3.1	$ 9,700	$ 3,786	$ 5,914	$ 38,100	$ 28,826	$ 9,274
Customer contracts and related relationships	2.6	23,100	15,674	7,426	23,100	12,653	10,447
Partner relationships	1.7	200	163	37	200	141	59
Trademarks	3.5	3,400	2,304	1,096	3,400	1,819	1,581
Total	2.9	$ 36,400	$ 21,927	$ 14,473	$ 64,800	$ 43,439	$ 21,361

Amortization expense was $6.9 million, $14.1 million, and $20.0 million during the years ended July 31, 2023, 2022, and 2021, respectively. The future amortization expense for existing intangible assets as of July 31, 2023, based on their current useful lives, is as follows (in thousands):

Fiscal year ending July 31,	
2024	$ 5,468
2025	5,026
2026	3,572
2027	272
2028	129
Thereafter	6
Total future amortization expense	$ 14,473

Other Assets

Other assets consist of the following (in thousands):

	July 31, 2023	July 31, 2022
Prepaid expenses	$ 3,111	$ 3,085
Contract costs	31,337	29,392
Deferred costs	3,664	1,256
Strategic equity investments	27,772	18,023
Other	2,073	4,976
Other assets	$ 67,957	$ 56,732

The Company's other assets include strategic equity investments in privately-held companies in which the Company does not have a controlling interest or the ability to exert significant influence. The strategic investments consist of non-marketable equity securities that do not have readily determinable market values (Level 3). The Company records these strategic investments at cost less impairment and adjusts cost for subsequent observable changes in fair value. The Company invested $10.8 million and $12.3 million in new strategic equity investments during the fiscal year ended July 31, 2023 and 2022, respectively. An impairment charge of $0.8 million was recognized related to a strategic equity investment during the fiscal year ended July 31, 2023. No impairment charge related to strategic equity investments was recognized during the fiscal year ended July 31, 2022.

Accrued Employee Compensation

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

	July 31, 2023	July 31, 2022
Bonus	$ 64,048	$ 55,206
Commission	10,108	6,247
Vacation	6,429	5,728
Salaries, payroll taxes, and benefits	23,395	23,781
Accrued employee compensation	$ 103,980	$ 90,962

Other Current Liabilities

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

	July 31, 2023	July 31, 2022
Lease liabilities	$ 8,433	$ 12,238
Accrued royalties	6,301	10,575
Accrued taxes	4,158	6,566
Other	8,839	5,961
Other current liabilities	$ 27,731	$ 35,340

6. Net Income (Loss) Per Share

The Company calculates basic earnings per share by dividing the net income (loss) by the weighted average number of shares of common stock outstanding for the period. For options to purchase common stock and Stock Awards, the Company uses the treasury stock method for calculating diluted earnings per share in all periods presented. Effective August 1, 2022, the Company adopted ASU 2020-06 which requires the use of the if-converted method for the Convertible Senior Notes. During fiscal years 2022 and 2021, the Company used the treasury stock method for the Convertible Senior Notes.

The following table sets forth the computation of the Company's basic and diluted net income (loss) per share for the fiscal years ended July 31, 2023, 2022, and 2021 (in thousands, except share and per share amounts):

	Fiscal years ended July 31,		
	2023	2022	2021
Numerator:			
Net income (loss)	$ (111,855)	$ (180,431)	$ (66,507)
Net income (loss) per share:			
Basic and diluted	$ (1.36)	$ (2.16)	$ (0.79)
Denominator:			
Weighted average shares used in computing net income (loss) per share:			
Basic and diluted	82,176,629	83,569,517	83,577,375

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

	Fiscal years ended July 31,		
	2023	2022	2021
Stock options	11,978	24,206	37,980
Stock awards	2,352,203	1,836,455	2,737,597
Convertible senior notes	3,516,480	33,417	52,430

Except for the first quarter in fiscal year 2022 and the second quarter in fiscal year 2021, the average market price of the Company's common stock did not exceed the conversion price using the treasury stock method. In fiscal year 2023, the average market price of the Company's common stock did not exceed the conversion price using the if-converted method.

7. 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 with interest payable semi-annually in arrears at a rate of 1.25% per year, on March 15th and September 15th of each year. 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 the Company’s 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.

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

	July 31, 2023	July 31, 2022
Principal	$ 400,000	$ 400,000
Less unamortized:		
Debt discount[(1)]	—	37,253
Debt issuance costs	2,829	4,531
Net carrying amount	$ 397,171	$ 358,216

[(1)] Effective August 1, 2022, the Company adopted ASU 2020-06 using the modified retrospective method which resulted in the accounting for the Convertible Senior Notes as a single liability and no longer required the liability and equity components to be accounted for separately. The prior periods have not been retrospectively adjusted and continue to be reported under the accounting standards in effect for each respective period.

The effective interest rate of the Convertible Senior Notes after the adoption of ASU 2020-06 on August 1, 2022 is 1.69%. Prior to the adoption of ASU 2020-06, the effective interest rate of the Convertible Senior Notes was 5.53%.

The following table sets forth the interest expense recognized related to the Convertible Senior Notes (in thousands):

	Fiscal years ended July 31,		
	2023	2022	2021
Contractual interest expense	$ 5,000	$ 5,000	$ 5,000
Amortization of debt discount[(1)]	—	12,945	12,310
Amortization of debt issuance costs	1,703	1,446	1,307
Total	$ 6,703	$ 19,391	$ 18,617

[(1)] Effective August 1, 2022, the Company adopted ASU 2020-06 using the modified retrospective method which resulted in the accounting for the Convertible Senior Notes as a single liability and no longer required the liability and equity components to be accounted for separately. The prior periods have not been retrospectively adjusted and continue to be reported under the accounting standards in effect for each respective period.

As of July 31, 2023, the if-converted value did not exceed the outstanding principal of the Convertible Senior Notes.

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 in the period purchased as a reduction of the Company’s additional paid-in capital in the accompanying consolidated balance sheets.

8. Leases

The Company’s lease obligations consist of operating leases for office facilities and equipment, with lease periods expiring through fiscal year 2032. 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.

In February 2023, the Company assigned (“the Lease Assignment”) the remaining lease term of its previous headquarters and concurrently entered into a sublease for office space in San Mateo, California with the same third party for its new worldwide headquarters. As a result of the Lease Assignment, the Company recognized an $8.5 million loss in general and administrative operating expenses during the fiscal year ended July 31, 2023 on the consolidated statements of operations. The loss is comprised of an $18.4 million gain from the de-recognition of the operating lease asset of $56.9 million, the de-recognition of the lease liability of $75.5 million, and other expenses related to the Lease Assignment of $0.2 million, offset by accelerated depreciation expense related to property and equipment, primarily consisting of leasehold improvements, at the previous headquarters of $26.9 million. In fiscal year 2023 upon lease commencement of the new worldwide headquarters, the Company recognized a $27.1 million operating lease asset and $19.6 million lease liability.

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

	Fiscal years ended July 31,		
	2023	2022	2021
Operating lease costs [(1)]	$ 12,192	$ 15,992	$ 17,614
Variable lease costs	4,353	5,496	5,017
Sublease income	(898)	(1,451)	(1,587)
Net operating lease costs	$ 15,647	$ 20,037	$ 21,044

[(1)] Lease expense for leases with an initial term of 12 months or less is excluded from the table above and was $0.9 million in each of the fiscal years ended July 31, 2023, 2022, and 2021, respectively.

Future operating lease payments as of July 31, 2023 were as follows (in thousands):

Fiscal year ending July 31,		
2024	$	10,281
2025		10,980
2026		10,679
2027		9,584
2028		3,678
Thereafter		12,296
Total future lease payments		57,498
Less imputed interest		(6,093)
Total lease liability balance	$	51,405

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

	As of July 31,			
	2023		2022	
Operating lease assets	$	52,373	$	90,287
Current portion of lease liabilities		8,433		12,238
Non-current portion of lease liabilities		42,972		105,123
Total lease liabilities	$	51,405	$	117,361
Weighted average remaining lease term (years)		6.17		7.65
Weighted average discount rate		3.92 %		4.00 %

The Lease Assignment executed in February 2023 resulted in a reduction of the associated operating lease assets and lease liabilities as described above.

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

	Fiscal years ended July 31,					
	2023		2022		2021	
Cash payments for operating leases	$	12,569	$	19,120	$	17,837
Operating lease assets obtained in exchange for operating lease liabilities	$	(36,981)	$	5,867	$	6,503

9. Commitments and Contingencies

The Company's contractual obligations and commitments as of July 31, 2023 are as follows (in thousands):

	Purchase Commitments[1]		Long Term Debt[2]		Total	
Fiscal Year Ending July 31,						
2024	$	170,027	$	5,000	$	175,027
2025		136,936		405,000		541,936
2026		137,356		—		137,356
2027		139,302		—		139,302
2028		34,712		—		34,712
Thereafter		—		—		—
Total	$	618,333	$	410,000	$	1,028,333

(1) Purchase commitments represent royalty obligations and commitments to purchase goods and services, entered into in the ordinary course of business, for which a penalty could be imposed if the agreement was cancelled for any reason other than an event of default as described by the agreement. During fiscal year 2023, the Company entered into an agreement with a cloud infrastructure services provider for a total obligation of $600 million over a five-year period. Purchase commitments do not include lease obligations (refer to Note 8).

(2) Long-term debt consists of principal and interest payments on the Company's Convertible Senior Notes. The $400 million in principal will be due in March 2025.

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 recorded any accrual for claims as of July 31, 2023 and 2022, respectively. The Company has not accrued for estimated losses in the accompanying 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 expenses legal fees in the period in which they are incurred.

Indemnification

The Company sells software licenses and services to its customers under Software License Agreements ("SLA") and Software Subscription Agreements ("SSA"). SLAs and SSAs contain the terms of the contractual arrangement with the customer and generally include 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. SLAs and SSAs also generally indemnify the customer against judgments, settlements, fines, penalties, costs, and expenses resulting from a claim ("Losses") 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 July 31, 2023 and 2022. For several reasons, including the lack of prior indemnification claims and the lack of a monetary liability limit for certain infringement cases under various SLAs and SSAs, 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.

10. Stock-Based Compensation Expense and Shareholders' Equity

Stock-Based Compensation Expense

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

	Fiscal years ended July 31,		
	2023	2022	2021
Stock-based compensation expense	$ 143,566	$ 138,156	$ 116,222
Net impact of deferred stock-based compensation	(724)	(1,145)	(1,213)
Total stock-based compensation expense	$ 142,842	$ 137,011	$ 115,009
Stock-based compensation expense is included in the following categories:			
Cost of subscription and support revenue	$ 14,073	$ 13,222	$ 10,243
Cost of license revenue	463	692	770
Cost of services revenue	19,257	20,978	20,213
Research and development	39,865	33,446	27,452
Sales and marketing	29,925	31,281	24,617
General and administrative	39,259	37,392	31,714
Total stock-based compensation expense	142,842	137,011	115,009
Tax benefit from stock-based compensation	22,566	26,151	31,891
Total stock-based compensation, net of tax effect	$ 120,276	$ 110,860	$ 83,118

Total unrecognized stock-based compensation expense related to the Company's stock options and Stock Awards as of July 31, 2023 is as follows:

	Unrecognized Expense (in thousands)	Weighted Average Expected Recognition Period (in years)
Stock Options	$ 2,512	1.1
Stock Awards	250,410	2.4
Total unrecognized stock-based compensation expense	$ 252,922	

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	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value[1] (in thousands)
Balance as of July 31, 2020	2,445,698	$ 99.34	$ 287,761
Granted	1,429,325	$ 111.22	
Released	(1,167,291)	$ 96.83	$ 131,188
Canceled	(312,764)	$ 103.22	
Balance as of July 31, 2021	2,394,968	$ 107.15	$ 275,900
Granted	1,942,391	$ 112.83	
Released	(1,202,125)	$ 107.29	$ 118,669
Canceled	(349,881)	$ 111.80	
Balance as of July 31, 2022	2,785,353	$ 110.47	$ 216,478
Granted	2,287,778	$ 66.36	
Released	(1,391,162)	$ 100.92	$ 97,324
Canceled	(267,263)	$ 99.31	
Balance as of July 31, 2023	3,414,706	$ 85.68	$ 289,635
Expected to vest as of July 31, 2023	3,414,706	$ 85.68	$ 289,635

(1) Aggregate intrinsic value at each period end represents the total market value of Stock Awards at the Company's closing stock price of $84.82, $77.72, and $115.20 on July 31, 2023, 2022, and 2021, 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 in addition to RSUs. PSUs awarded will vest over three years with 50% vesting annually over the three year period and the remaining 50% vesting at the end of the third year. The Company recognized stock-based compensation related to these performance-based stock awards of $15.0 million, $14.7 million, and $13.9 million in fiscal years 2023, 2022, and 2021, respectively.

Stock Options

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

	Number of Stock Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value[(1)] (in thousands)
Balance as of July 31, 2020	80,332	$ 29.80	5.2	$ 7,058
Granted	—	$ —		
Exercised	(53,932)	$ 36.00		$ 3,986
Canceled	(1,122)	$ 11.24		
Balance as of July 31, 2021	25,278	$ 17.39	5.0	$ 2,472
Granted	60,900	$ 71.67		
Exercised	(10,472)	$ 11.10		$ 1,047
Canceled	—	$ —		
Balance as of July 31, 2022	75,706	$ 61.93	8.7	$ 1,196
Granted	121,168	$ 66.76		
Exercised	(6,582)	$ 34.60		$ 255
Canceled	(2,720)	$ 69.60		
Balance as of July 31, 2023	187,572	$ 65.90	8.8	$ 3,549
Vested and expected to vest as of July 31, 2023	187,572	$ 65.90	8.8	$ 3,549
Exercisable as of July 31, 2023	8,224	$ 11.64	3.5	$ 602

(1) Aggregate intrinsic value at each fiscal year end represents the difference between the Company's closing stock price of $84.82, $77.72, and $115.20 on July 31, 2023, 2022, and 2021, respectively, and the exercise price of outstanding stock 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

Stock Options

The fair value of the stock options is estimated at the grant date using the Black-Scholes option-pricing model, which included the following assumptions:

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2022
Expected term (in years)	6.00	6.00
Risk-free interest rate	2.89% - 4.20%	3.04% - 3.55%
Expected volatility	32.14% - 33.05%	31.75% - 31.94%
Expected dividend yield	—%	—%

There were no stock options granted during fiscal year 2021.

Common Stock Reserved for Issuance

As of July 31, 2023 and 2022, 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, 81,440,669 and 84,084,209 shares of common stock were issued and outstanding, respectively. As of July 31, 2023 and 2022, the Company had reserved shares of common stock for future issuance as follows:

	July 31, 2023	July 31, 2022
Exercise of stock options to purchase common stock	187,572	75,706
Vesting of stock awards	3,414,706	2,785,353
Shares available under stock plans	2,996,441	3,360,659
Total common stock reserved for issuance	6,598,719	6,221,718

Equity Incentive Plans

On December 15, 2020, the Company's stockholders adopted the 2020 Stock Plan ("2020 Plan") for the purpose of granting equity-based incentive awards. The Company initially reserved 5,000,000 shares of its common stock for the issuance of awards under the 2020 Plan. The shares available for issuance are subject to adjustment in the event of a stock split, stock dividend or other defined changes in the Company's capitalization. The 2020 Plan replaced the Company's 2011 Stock Plan; however, awards outstanding under the 2011 Stock Plan will continue to be governed by their existing terms.

The shares the Company issues under the 2020 Plan will be from the Company's pool of authorized but unissued shares. The shares of common stock underlying any awards under the 2011 Stock Plan that are forfeited, canceled, held back upon exercise or settlement of an award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without any issuance of stock or are otherwise terminated (other than by exercise) are added back to the shares of stock available for issuance under the 2020 Plan.

Share Repurchase Program

In September 2022, the Company's board of directors authorized and approved a share repurchase program of up to $400.0 million of the Company's outstanding common stock. Share repurchases under the program may be made from time to time, in the open market, in privately negotiated transactions and otherwise, at the discretion of management of the Company and in accordance with applicable federal securities laws, including Rule 10b-18 of the Exchange Act, and other applicable legal requirements. Such repurchases may also be made in compliance with Rule 10b5-1 trading plans entered into by the Company.

In September 2022, the Company entered into an accelerated share repurchase ("ASR") agreement with a large financial institution whereupon the Company provided them with a prepayment of $200.0 million and received an initial delivery of 2,581,478 shares of the Company's common stock. Under the terms of the ASR, the total number of shares delivered and average price paid per share was determined at the settlement date based on the volume weighted average price over the term of the ASR, less an agreed upon discount. The ASR was settled in full with the delivery of an additional 648,001 shares of common stock during the third quarter of fiscal year 2023, which resulted in total repurchases under the ASR of 3,229,479 shares of common stock at an average purchase price of $61.93 per share.

During the fiscal year ended July 31, 2023, the Company repurchased 4,041,284 shares of common stock, including the shares repurchased under the ASR, at an average price of $64.78 per share, for an aggregate purchase price of $261.8 million. During the fiscal year ended July 31, 2022, the Company repurchased 322,545 shares of common stock at an average price of $116.11 per share, for an aggregate purchase price of $37.5 million under a previous share repurchase program. During the fiscal year ended July 31, 2021, the Company repurchased 1,488,991 shares of common stock at an average price of $109.17 per share, for an aggregate purchase price of $162.5 million under a previous share repurchase program.

11. Income Taxes

The Company recognized an income tax benefit of $22.2 million for fiscal year 2023 compared to an income tax benefit of $49.3 million for fiscal year 2022. The decrease in the Company's income tax benefit for fiscal year 2023 was primarily due to a decrease in pre-tax net loss, an increase in tax deficiencies related to stock-based compensation, certain non-deductible expenses, including executive compensation limitation, and an increase in foreign earnings taxed in the U.S., partially offset by an increase in research and development tax credits and the release of uncertain tax positions.

The effective tax rate could differ from the statutory U.S. Federal income tax rate of 21% mainly due to state taxes, tax deficiencies related to stock-based compensation, research and development credits, foreign earnings taxed in the United States, change in valuation allowance and certain non-deductible expenses, including, but not limited to, executive compensation limitation.

The Company's income (loss) before provision for (benefit from) income taxes is as follows (in thousands):

	Fiscal years ended July 31,		
	2023	2022	2021
Domestic	$ (150,628)	$ (239,601)	$ (114,687)
International	16,534	9,886	10,406
Income (loss) before provision for (benefit from) income taxes	$ (134,094)	$ (229,715)	$ (104,281)

The provision for (benefit from) income taxes consisted of the following (in thousands):

	Fiscal years ended July 31,		
	2023	2022	2021
Current:			
U.S. Federal	$ 555	$ 1,937	$ (5,605)
State	564	43	299
Foreign	3,904	1,852	3,290
Total current	5,023	3,832	(2,016)
Deferred:			
U.S. Federal	(23,372)	(48,775)	(31,174)
State	(3,808)	(5,656)	(4,472)
Foreign	(82)	1,315	(112)
Total deferred	(27,262)	(53,116)	(35,758)
Total provision for (benefit from) income taxes	$ (22,239)	$ (49,284)	$ (37,774)

Differences between income taxes calculated using the statutory federal income tax rate of 21% in the fiscal years ended July 31, 2023, 2022, and 2021, and the provision for income taxes are as follows (in thousands):

	Fiscal years ended July 31,		
	2023	2022	2021
Statutory federal income tax	$ (28,159)	$ (48,240)	$ (21,899)
State taxes, net of federal benefit	(3,253)	(5,613)	(4,173)
Stock-based compensation	9,902	2,912	(3,247)
Non-deductible officers' compensation	2,783	4,484	3,682
Foreign income taxed at different rates	(55)	(365)	(854)
Research tax credits	(7,817)	(6,820)	(5,377)
Base erosion and anti-abuse tax	(935)	349	(7,702)
Foreign earnings taxed in the U.S.	2,199	1,201	(1,830)
Non-deductible acquisition costs	617	744	—
Permanent differences and others	1,576	476	495
Change in valuation allowance	903	1,588	3,131
Total provision for (benefit from) income taxes	$ (22,239)	$ (49,284)	$ (37,774)

The tax effects of temporary differences that gave rise to significant portions of deferred tax assets and liabilities are as follows (in thousands):

	As of July 31,	
	2023	2022
Accruals and reserves	$ 24,899	$ 27,632
Stock-based compensation	8,389	7,953
Deferred revenue	1,188	1,794
Capitalized R&D	59,332	7,158
Lease liabilities	11,555	27,525
Convertible debt	2,344	—
Net operating loss carryforwards	85,573	110,064
Tax credits	127,209	113,357
Total deferred tax assets	320,489	295,483
Less valuation allowance	59,356	52,133
Net deferred tax assets	261,133	243,350
Less deferred tax liabilities:		
Intangible assets	10,915	8,888
Operating lease assets	10,927	20,706
Property and equipment	576	6,161
Convertible debt	—	5,250
Unremitted foreign earnings	931	710
Capitalized commissions	10,909	10,174
Total deferred tax liabilities	34,258	51,889
Deferred tax assets, net	226,875	191,461
Less foreign deferred tax liabilities	2,175	1,910
Total net deferred tax assets	$ 224,700	$ 189,551

The Company considered both positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, differences between prior book and tax profits/losses, and results of future operations, and determined that a valuation allowance was not required for a significant portion of its deferred tax assets. A valuation allowance of $59.4 million and $52.1 million remained as of July 31, 2023 and 2022, respectively, primarily related to California, U.S. Federal, Poland and Canada deferred tax assets. The increase of $7.3 million in the valuation allowance in the current fiscal year relates primarily to net operating losses, and income tax credits in certain tax jurisdictions for which no tax benefit is expected to be recognized.

As of July 31, 2023, the Company had U.S. Federal, California, and other states net operating loss ("NOL") carryforwards of $318.0 million, $72.4 million and $211.7 million, respectively. The U.S. Federal and California NOL carryforwards will start to expire in 2029 and 2024, respectively.

As of July 31, 2023, the Company had research and development tax credits ("R&D credit") carryforwards of the following (in thousands):

U.S. Federal	$ 68,865
California	55,686
Total R&D credit carryforwards	$ 124,551

U.S. Federal R&D credits carryforwards available at July 31, 2023 will expire starting in 2024. California R&D tax credits do not expire.

Federal and California laws impose restrictions on the utilization of NOL carryforwards and R&D credit carryforwards in the event of a change in ownership of the Company, as defined by Internal Revenue Code 382 and 383. The Company experienced an ownership change in the past that does not materially impact the availability of its carryforwards. However, should there be an ownership change in the future, the Company's ability to utilize existing carryforwards could be substantially restricted.

As of July 31, 2023, the Company has recorded a provisional estimate for foreign withholding taxes on undistributed earnings from foreign subsidiaries of $0.9 million. The Company 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.

Beginning in the Company's fiscal year 2023, the Tax Cuts and Jobs Act of 2017 eliminates the right to deduct research and development expenditures for tax purposes in the period the expenses were incurred and instead requires all U.S. and foreign research and development expenditures to be amortized over five and fifteen tax years, respectively. Congress has considered legislation that would defer the amortization requirement to later years, but as of July 31, 2023, the requirement has not been modified. Accordingly, the Company has capitalized research and development expenses for tax purposes in fiscal year 2023.

Unrecognized Tax Benefits

Activity related to unrecognized tax benefits is as follows (in thousands):

	Fiscal years ended July 31,		
	2023	**2022**	**2021**
Unrecognized tax benefits - beginning of period	$ 18,786	$ 17,138	$ 23,690
Gross increases - prior period tax positions	1	147	65
Gross decreases - prior period tax positions	(982)	—	(7,769)
Gross increases - current period tax positions	2,713	1,501	1,152
Unrecognized tax benefits - end of period	$ 20,518	$ 18,786	$ 17,138

During the year ended July 31, 2023, the Company’s unrecognized tax benefits increased by $1.7 million. As of July 31, 2023, the Company had unrecognized tax benefits of $12.9 million that, if recognized, would affect the Company’s effective tax rate, as certain unrecognized tax benefits have a valuation allowance. The Company recognizes interest and penalties related to unrecognized tax benefits as income tax expense in its consolidated statements of operations. As of July 31, 2023, the Company has accrued total interest and penalties related to unrecognized tax benefits of $0.8 million.

The Company, or one of its subsidiaries, files income taxes in the U.S. Federal jurisdiction and various state and foreign jurisdictions. If the Company utilizes NOL carryforwards or tax credits in future years, the U.S. Federal, state and local, and non-U.S. tax authorities may examine the tax returns covering the period in which the net operating losses and tax credits arose. As a result, the Company’s tax returns in the U.S. and California remain open to examination from fiscal years 2002 through 2023.

12. Defined Contribution and Other Post-Retirement Plans

The Company's employee savings and retirement plan in the United States is qualified under Section 401(k) of the Internal Revenue Code. Employees on the Company's U.S. payroll are automatically enrolled when they meet eligibility requirements, unless they decline participation. Upon enrollment employees are provided with tax-deferred salary deductions and various investment options. Employees may contribute up to 60% of their eligible salary up to the statutory prescribed annual limit. The Company matches employees' contributions up to $5,000 per participant per calendar year. Certain of the Company's foreign subsidiaries also have defined contribution plans in which a majority of its employees participate and the Company makes matching contributions. The Company's contributions to its 401(k) and foreign subsidiaries' plans were $13.3 million, $13.1 million, and $11.8 million for the fiscal years ended July 31, 2023, 2022, and 2021, respectively.

13. 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 subscription, support, term license, perpetual license, and services offerings, as well as revenue by geographic region, 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 for this disclosure are defined as property and equipment and operating lease assets. The Company's long-lived assets by geographic region are as follows (in thousands):

	July 31, 2023	July 31, 2022
Americas	$ 72,089	$ 133,939
EMEA	29,792	31,230
APAC	4,991	5,858
Total	$ 106,872	$ 171,027

Item 9. Changes in and Disagreements with Accountant on Accounting and Financial Disclosure

None.

Item 9A. 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 Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K. 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.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting as defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

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

Our management assessed the effectiveness of our internal control over financial reporting as of July 31, 2023, using the criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission's 2013 framework. Based on this assessment and those criteria, management concluded that our internal control over financial reporting was effective, at a reasonable level of assurance, as of July 31, 2023.

Our internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

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 July 31, 2023 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.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers, and employees, including our principal executive officer and principal financial officer. The Code of Business Conduct and Ethics is posted on our investor relations website.

We will post any amendments to, or waivers from, a provision of this Code of Business Conduct and Ethics by posting such information on our investor relations website.

The other information required by this item will be contained in our definitive proxy statement to be filed with the SEC in connection with our 2023 Annual Meeting of Stockholders (the "Proxy Statement"), which is expected to be filed not later than 120 days after the end of our fiscal year ended July 31, 2023, and is incorporated in this report by reference.

Item 11. *Executive Compensation*

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information, if any, required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements at Item 8 herein.

2. Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes herein.

3. Exhibits

EXHIBIT INDEX

The exhibits listed below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
3.1	Amended and Restated Certificate of Incorporation	8-K	3.1	December 21, 2022
3.2	Amended and Restated Bylaws	8-K	3.2	December 21, 2022
4.1	Form of Common Stock Certificate of Guidewire Software, Inc.	S-1/A	4.1	January 9, 2012
4.2	Indenture between Guidewire Software, Inc. and U.S. Bank National Association, dated as of March 13, 2018	8-K	4.1	March 13, 2018
4.3	First Supplemental Indenture between Guidewire Software, Inc. and U.S. Bank National Association, dated as of March 13, 2018	8-K	4.1	March 13, 2018
4.4	Form of 1.25% Convertible Senior Note Due March 15, 2025	8-K	4.3	March 13, 2018
4.5	Description of Guidewire Software, Inc.'s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended	Filed herewith	—	—
10.1#	Guidewire Software, Inc. 2011 Stock Plan and Forms of Agreements thereunder	S-1/A	10.5	December 13, 2011
10.2#	Guidewire Software, Inc. Form of Performance-Based Restricted Stock Unit Award Agreement under the 2011 Stock Plan	10-Q	10.9	December 2, 2015
10.3#	Guidewire Software, Inc. Forms of Notice of Restricted Stock Unit Award and Restricted Stock Unit Award Agreement (Performance-Based) under the 2011 Stock Plan	10-Q	10.5	March 5, 2020
10.4#	Guidewire Software, Inc. Form of Restricted Stock Unit Award Agreement (Global Time-Based) under the 2011 Stock Plan	10-Q	10.2	March 5, 2020
10.5#	Guidewire Software, Inc. Form of Restricted Stock Unit Award Agreement (U.S. Time-Based) under the 2011 Stock Plan	10-Q	10.1	March 5, 2020
10.6#	Guidewire Software, Inc. Form of Restricted Stock Unit Award Agreement (U.S. Time-Based, Executives) under the 2011 Stock Plan	10-Q	10.3	March 5, 2020
10.7#	Guidewire Software, Inc. Long Term Incentive Plan and Form of Notice and Restricted Stock Unit Award Agreement thereunder	10-Q	10.4	March 5, 2020
10.8#	Amended and Restated 2020 Stock Plan	10-Q	10.1	March 7, 2023
10.9#	Form of Restricted Stock Unit Award Agreement for Company Employees under the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan	Filed herewith	—	—
10.10#	Form of Global Restricted Stock Unit Award Agreement for Company Employees under the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan	Filed herewith	—	—
10.11#	Form of Stock Option Agreement under the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan	Filed herewith	—	—

10.12#	Form of Global Stock Option Agreement under the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan	Filed herewith	—	—
10.13#	Form of Restricted Stock Award Agreement under the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan	Filed herewith	—	—
10.14#	Form of Performance-Based Restricted Stock Award Agreement under the Guidewire Software, Inc. Amended and Restated 2020 Stock Plan	Filed herewith	—	—
10.15#	Guidewire Software, Inc. Senior Executive Incentive Bonus Plan	S-1/A	10.12	December 13, 2011
10.16#	Guidewire Software, Inc. Form of Executive Agreement	Filed herewith	—	—
10.17#	Executive Agreement between Guidewire Software, Inc. and Michael Rosenbaum, dated as of August 3, 2019	8-K	10.1	August 5, 2019
10.18#	First Amendment to Executive Agreement between Guidewire Software, Inc. and Mike Rosenbaum, dated as of November 4, 2020	10-Q	10.1	December 9, 2020
10.19#	Executive Agreement between Guidewire Software, Inc. and John Mullen, dated as of February 3, 2022	10-Q	10.1	June 7, 2022
10.20#	Form of Indemnification Agreement for directors and executive officers	S-1/A	10.1	October 28, 2011
10.21	Guidewire Software, Inc. Form of Capped Call Confirmation	8-K	10.1	March 13, 2018
10.22	Lease Agreement between Bay Meadows Station 2 Investors, LLC and Guidewire Software, Inc. dated as of December 18, 2017	10-K	10.11	September 19, 2018
10.23	Assignment of Lease, dated as of February 11, 2023, by and between Guidewire Software, Inc. and Roblox Corporation	8-K	10.1	March 3, 2023
10.24	Sublease, dated as of February 11, 2023, by and between Roblox Corporation and Guidewire Software, Inc.	8-K	10.2	March 3, 2023
21.1	Subsidiaries of the Registrant	Filed herewith	—	—
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm	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	Inline XBRL Instance Document	Filed herewith	—	—
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith	—	—
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith	—	—
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith	—	—
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith	—	—

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith	—	—
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)	Filed herewith	—	—

# Indicates management contract or compensatory plan.

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Annual Report on Form 10-K 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 Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 18, 2023

GUIDEWIRE SOFTWARE, INC.

By: /s/ JEFF COOPER

Jeff Cooper

Chief Financial Officer
(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Mike Rosenbaum, Jeff Cooper, and Winston King, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

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

Signature	Title	Date
/s/ MIKE ROSENBAUM Mike Rosenbaum	Chief Executive Officer and Director (Principal Executive Officer)	September 18, 2023
/s/ JEFF COOPER Jeff Cooper	Chief Financial Officer (Principal Financial and Accounting Officer)	September 18, 2023
/s/ MARCUS S. RYU Marcus S. Ryu	Director (Chairman of the Board)	September 18, 2023
/s/ DAVID BAUER David Bauer	Director	September 18, 2023
/s/ MARGARET DILLON Margaret Dillon	Director	September 18, 2023
/s/ MICHAEL KELLER Michael Keller	Director	September 18, 2023
/s/ PAUL LAVIN Paul Lavin	Director	September 18, 2023
/s/ CATHERINE P. LEGO Catherine P. Lego	Director	September 18, 2023
/s/ RAJANI RAMANATHAN Rajani Ramanathan	Director	September 18, 2023

Our Leadership

Board of Directors

Marcus S. Ryu
Co-Founder and Chairman

Paul Lavin
Lead Independent Director

Mike Rosenbaum
Chief Executive Officer

Michael C. Keller
Lead Customer Advocate

David S. Bauer

Margaret Dillon

Catherine P. Lego

Rajani Ramanathan

Executive Team

Mike Rosenbaum
Chief Executive Officer

Jeff Cooper
Chief Financial Officer

Winston King
Chief Administrative Officer, General Counsel and Secretary

Priscilla Hung
President and Chief Operating Officer

John Mullen
President and Chief Revenue Officer

Investor Relations

E-mail: ir@guidewire.com

GUIDEWIRE