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

Form 10-K

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

For the fiscal year ended December 31, 2017

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 000-52049

SYNCHRONOSS TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)	**06-1594540** (IRS Employer Identification No.)

200 Crossing Boulevard, 8th Floor, Bridgewater, New Jersey 08807
(Address of principal executive offices, including ZIP code)
(866) 620-3940
(Registrant’s telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.0001 par value	The Nasdaq Stock Market, LLC

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

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes ☐ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”). Yes ☐ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 x

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No x

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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. (Check one):

Large accelerated filer ☐	Accelerated filer x	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	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. Yes ☐ No x

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

The aggregate market value of the common stock held by non-affiliates of the Registrant as of June 30, 2017, the last business day of the Registrant’s last completed second quarter, based upon the closing price of the common stock as reported by The Nasdaq Stock Market on such date was approximately $459.1 million. Shares of common stock held by each executive officer, director and stockholders known by the Registrant to own 10% or more of the outstanding stock based on public filings and other information known to the Registrant have been excluded since such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of June 5, 2018, a total of 42,171,671 shares of the Registrant’s common stock were outstanding. The exhibit index as required by Item 601(a) of Regulation S-K is included in Item 15 of Part IV of this report on Form 10-K.

SYNCHRONOSS TECHNOLOGIES, INC.

FORM 10-K
December 31, 2017

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PART I
Explanatory Note

In connection with the preparation of the Company's Form 10-Q for the first quarter of 2017, the Audit Committee of the Company's Board of Directors (the "Audit Committee") of Synchronoss Technologies, Inc. ("Synchronoss," "we," "our," "ours," "us," or the "Company"), authorized an investigative review by independent counsel and a third-party forensic consulting firm acting at the direction of independent counsel (such Investigation, the "Audit Committee Investigation"). The Audit Committee Investigation addressed transactions requiring restatement, other areas of accounting, internals control over financial reporting and employee conduct.

On June 8, 2017, the Audit Committee, after consultation with management and discussion with Ernst & Young LLP, the Company's independent registered public accounting firm, concluded that the Company's previously issued financial statements for the fiscal years ended December 31, 2016 and 2015, and the respective quarterly periods should be restated and should no longer be relied upon. On October 5, 2017, the Audit Committee, after consultation with management and discussion with Ernst & Young LLP, concluded to restate our previously issued financial statements for the fiscal year ended December 31, 2014 to correct an accounting error and certain other prior period errors identified. Accordingly, our previously issued financial statements for the fiscal years ended December 31, 2016, 2015 and 2014, and the respective quarterly periods should no longer be relied upon.

This is the first period report filed by Synchronoss covering periods after December 31, 2016. This Annual Report on Form 10-K ("Form 10-K") for the year ended December 31, 2017 includes restated audited financial statements (and related disclosures) for the fiscal years ended December 31, 2016 and 2015 and restated selected financial data for the fiscal years ended December 31, 2016, 2015, 2014 and 2013, as well as restated unaudited financial information for each of the quarterly and year-to-date periods in 2015 and 2016 and unaudited financial information for the first three quarterly and year-to-date periods in 2017. Financial information included in our previously filed Form 10-K and our Quarterly Reports on Form 10-Q ("Form 10-Q") as filed for the fiscal years ended December 31, 2016 and 2015, and all earnings press releases and similar communications issued by us, for such periods, should not be relied upon and are superseded in their entirety by this Form 10-K. This Form 10-K amends and restates, in its entirety, our Form 10-K for the years ended December 31, 2016 and 2015. We are filing this Form 10-K concurrently with our Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017, which were delayed due to the restatement.

Accordingly, this Form 10-K includes changes to: (1) our Consolidated Balance Sheet as of December 31, 2016, Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Stockholders' Equity and Consolidated Statements of Cash Flows for each of the fiscal years ended December 31, 2016 and 2015; (2) our Selected Financial Data as of, and for our fiscal years ended, December 31, 2016, 2015, 2014 and 2013, in Part II, Item 6 of this Form 10-K; (3) our Management's Discussion and Analysis of Financial Condition and Results of Operations, as of, and for our fiscal years ended December 31, 2016 and 2015, in Part II, Item 7 of this Form 10-K; (4) our unaudited quarterly financial information for each quarter for our fiscal years ended December 31, 2016 and 2015 in *Note 19 - Summary of Quarterly Results of Operations (Unaudited*) of the Notes to Consolidated Financial Statements, in Part II, Item 8 of this Form 10-K; (5) our Risk Factors, in Item 1A of this Form 10-K; and (6) our disclosures and conclusions regarding Controls and Procedures in Part II, Item 9A of this Form 10-K. See below and *Note 2 - Restatement of Previously Issued Consolidated Financial Statements* of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for a detailed discussion of the changes made as a result of the restatement.

The individual restatement matters that underlie the restatement adjustments are described below. The restatement adjustments also affect periods prior to 2015 and such adjustments have been reflected in the restated opening stockholders' equity balances as of January 1, 2015.

Revenue Recognition Adjustments Related to Hosting Services

The Company typically sells hosting services to its subscription services customers, as well as to certain software license customers. As part of the Company's review of its historical accounting, it has determined that adjustments are required related to certain transactions in each of these two categories of customers that purchase hosting services.

It was observed that in certain instances, the Company has historically entered into hosting arrangements that included various components to the fee structure with certain fees accelerated during the initial years of the arrangement. Historically, the Company recognized the accelerated fees as billed and maintenance and support fees were recognized on a straight-line basis through the term of the arrangement. However, the Company has determined to revise its accounting treatment for certain hosting services to reflect revenue recognition on a straight-line basis for such fees over the appropriate period of time during which (i) the benefits of hosting services were provided to the customer or (ii) the customer benefited from the set-up fees. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby there has been a deferral of a portion of the accelerated fees out of the initial period of the arrangement, and recognition of those deferred amounts in the later periods of the hosting services arrangement.

In the case of certain perpetual software license customers, the Company historically recognized the perpetual software license fee revenue on an upfront basis. The Company has determined to revise its accounting treatment of that software license fee revenue to recognize it ratably over a period of time due to the inclusion of hosting services, as part of the same multiple element arrangement. In certain of these cases, the Company had entered into a separate hosting services contract with the customer that the Company has now determined should have been combined with the software license agreement and treated as part of a larger multiple element arrangement.

In accordance with the software revenue recognition rules, since the Company cannot establish vendor specific objective evidence of fair value of the hosting services, the software license element cannot be separated from the hosting services. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby the bundled arrangement fees have been recognized ratably over the economic life of the hosting services.

Revenue Recognition Adjustments Related to Establishing Persuasive Evidence of an Arrangement

The Company historically has had, and continues to have, contractual arrangements with certain customers whereby there is an established master services agreement that includes general terms and conditions. Such master services agreements contemplate the delivery by the customer of purchasing documentation for purposes of completing orders, indicating the nature, price and quantity of products and services ordered. In certain cases, the Company historically formed a view that persuasive evidence of an arrangement existed relating to such orders based upon its receipt from a customer of written confirmation of the order and commitment to pay the agreed price, such as a quote approval sent by the customer in response to a quote issued by the Company, but prior to that customer’s subsequent delivery to the Company an executed statement of work or, in some instances, a purchase order, pursuant to a master services agreement.

The Company has determined, in certain situations, to revise the timing of revenue recognition to when it received final formal contract documentation, which occurred in a future period. In those cases where the adjustment to defer revenue has been recorded prior to when cash payment was received from the customer, the balance sheet impact has been to reduce the related accounts receivable balance, whereas the balance sheet impact of these adjustments after the receipt of cash payment from the customer has been to increase accrued liabilities.

The Company also adjusted revenue recognition in connection with certain other transactions, including (i) where the payment obligation on the date of sale was found not to have been fixed and determinable; (ii) where collectibility was not reasonably assured; (iii) where the software delivered to the customer was ultimately deemed not to have met acceptance criteria; or (iv) where formal acceptance was not obtained. The Audit Committee Investigation discovered a few instances where there were additional arrangements entered into that were not properly disclosed to the Company’s accounting group and, consequently, its independent external auditors. Those instances affected a small percentage of the revenue being restated. Following such discovery, the Company’s management terminated for cause three employees who participated in, or condoned, such conduct.

In certain situations, these adjustments represent issues related to the timing of revenue recognition, while in other cases, these adjustments represent amounts that had subsequently been written-off to bad debt expense (whereby now both the revenue and the related bad debt expense has been reversed).

Adjustments Related to Accounting for Acquisitions and Divestiture

The Company has identified and corrected errors related to fees received under license agreements entered into with parties of certain historical acquisitions and a divestiture. In each case, the Company had originally treated the license agreement as a separate transaction and recorded the license fees on a gross basis as revenue. The Company has determined to revise its accounting treatment of the license arrangements, to record the license fees as part of the accounting for the acquisition or divestiture, as follows:

- In certain cases, the Company entered into a license agreement as part of settling prior intellectual property infringement claims against an acquired entity and/or its selling parent company and affiliates. Historically, the Company had recognized these license fees separately as revenue. However, the Company has determined to net these license fees against the consideration paid as part of the acquisitions, resulting in a reduction of the goodwill and/or intangible assets recorded in purchase accounting.
- The Company’s consolidated joint venture Zentry LLC (“Zentry”) and the Company’s partner in that joint venture entered into a license agreement in December 2015 at the same time as the formation of the joint venture. Historically, the Company

recorded the license fees as revenue separately from the Zentry formation. The Company has determined to net these license fees against the cash contributions paid as part of the joint venture formation, resulting in a reduction of the goodwill and intangible assets recorded in purchase accounting.

- The Company entered into a licensing agreement in December 2016 with Sequential Technology International, LLC ("STIN") shortly after closing the divestiture of its activation business to Sequential Technology International Holdings, LLC ("STIH"). Historically, the Company recorded the license fees as revenue separately from the accounting for the divestiture. The Company has determined to classify these license fees as additional gain on sale of the activation exception handling business.
- The Company made adjustments to reduce the contingent consideration payable to shareholders of Razorsight Corporation ("Razorsight"), which was acquired by the Company in August 2015, and the related losses previously recorded to adjust that liability to fair value, as a result of the determination that many of the sales of Razorsight software that had originally been included in the earn-out calculation have now been adjusted as part of the restatement.
- The Company made adjustments to record the fair value of the Company's guarantee of certain of STIN's debt as part of the divestiture of its activation exception handling business to STIH in December 2016, to record the sellers note extended in the transaction at fair value, and to adjust certain receivables and other assets sold in the transaction.
- The Company made certain adjustments to the opening balances of Openwave Messaging, Inc. ("Openwave") and SNCR, LLC ("SNCR, LLC"); impacting deferred revenue, goodwill and intangibles. Adjustments in deferred revenue and intangibles were reported post-acquisition as revenues and costs were realized.

Other Adjustments and Capitalized Software

The Company also identified and corrected certain errors in the amounts reported as capitalized software development. These adjustments were primarily around (i) the recognition of impairment or immediate expensing of certain previously capitalized software development costs and (ii) revisions of amounts capitalized and the timing of when such capitalized costs are amortized. Adjustments pertaining to capitalized software development were driven primarily due to misalignment on the unit of account being measured in tracking project progress and ultimately general release as well as the appropriateness of the capitalization of certain administrative costs.

The Company also identified and corrected certain other errors, primarily due to timing of recognition of (i) stock-based compensation arrangements, (ii) accruals and reserves and (iii) impairment charges. Impairment charges were primarily due to long-lived asset impairments realized on SNCR, LLC assets, due to continued delays in product development and sales. Additionally, the Company identified certain prior year balance sheet classification adjustments requiring, the most significant of which, a reclassification between cash and restricted cash due to certain contractual restrictions on cash balances, and reclassifications between treasury stock and additional paid-in-capital due to share issuances from the Company's common stock pool, rather than its treasury stock.

Income Taxes

The Company recorded adjustments to income taxes to reflect the impact of the restatement adjustments, as well as a discrete tax adjustment to record a valuation allowance at a specific foreign jurisdiction in an earlier year then the originally filed conclusion. See *Note 17 - Income Taxes* for discussion of the related impact to the Company's effective tax rate.

Quarterly Financial Information (Unaudited)

The net effect of the restatement on the Company's previously reported consolidated financial statements, as of the quarters ended March 31, June 30 and September 30, 2016 and 2015 (unaudited), are included in *Note 19 - Summary of Quarterly Results of Operations (Unaudited).* Form 10-Q's for the quarters ended March 31, 2017, June 30, 2017, and September 30, 2017 will be filed with the SEC concurrently with this Form 10-K.

FORWARD-LOOKING STATEMENTS

The words "Synchronoss," "we," "our," "ours," "us" and the "Company," refer to Synchronoss Technologies, Inc. and its consolidated subsidiaries. We were incorporated in Delaware in 2000. All statements in this Form 10-K that are not historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Synchronoss' "expectations," "beliefs," "hopes," "intentions," "anticipates," "seeks," "strategies," "plans," "targets," "estimations," "outlook" or the like. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Past performance is not necessarily indicative of future results. Synchronoss cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors. We encourage you to read *Management's Discussion and Analysis of our Financial Condition and Results of Operations* and our consolidated financial statements contained in this Form 10-K. We also encourage you to read Item 1A of Part I of this Form 10-K, entitled *Risk Factors*, which contains a more complete discussion of the risks and uncertainties associated with our business. In addition to the risks described in Item 1A of this Form 10-K, other unknown or unpredictable factors also could affect our results. Therefore, the information in this Form 10-K should be read together with other reports and documents that we file with the Securities and Exchange Commission from time to time, including on Form 10-Q and Form 8-K, which may supplement, modify, supersede or update those risk factors. Synchronoss expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Synchronoss' expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based.

This Form 10-K includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys, filings of public companies in our industry and internal company surveys. These sources include government and industry sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data incorporated into this Form 10-K to be reliable, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

ITEM 1. *BUSINESS*

Intralinks Holdings, Inc.

On January 19, 2017, we acquired Intralinks Holdings, Inc. ("Intralinks") and subsequently sold it to Siris Capital Group, LLC ("Siris") on November 14, 2017. For additional information about our acquisition and sale of Intralinks, see *Note 4 - Acquisitions* of the Notes to Consolidated Financial Statements, in Part II, Item 8 of this Form 10-K.

Nasdaq Compliance

On May 16, 2017, we received notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") indicating that we were not in compliance with Nasdaq Listing Rule 5250(c)(1) (the "Rule"), which requires timely filing of periodic reports with the SEC, because we had not yet filed our Form 10-Q for the quarterly period ended March 31, 2017. The notice indicated that we had until July 17, 2017 to submit a plan to regain compliance with Nasdaq's continued listing requirements. On July 17, 2017, we timely submitted our plan to Nasdaq detailing how we planned to regain compliance with Nasdaq's continued listing requirements.

On July 26, 2017, the Nasdaq granted us an exception from its continued listing requirements until November 13, 2017 to file all delinquent periodic reports, including our delinquent Form 10-Q for the quarterly period ended March 31, 2017. In connection with our delinquency in filing our Form 10-Q for the quarterly period ended June 30, 2017, Nasdaq requested an update to our original plan to regain compliance with Nasdaq's continued listing requirements.

On August 16, 2017, we received notice from the Nasdaq indicating that we were not in compliance with the Rule because we had not yet filed our Form 10-Q for the quarterly period ended June 30, 2017.

On November 15, 2017, we received a letter from the Staff of the Nasdaq notifying us that since we remain delinquent in filing our Form 10-Q for the quarterly periods ended March 31, 2017, June 30, 2017 and September 30, 2017, we had not regained compliance with the Rule. Previously, Nasdaq granted us an extension until November 13, 2017 to file all delinquent periodic reports. As described in the letter, as a result of the continued delinquency, our common stock was subject to being delisted unless we timely requested a hearing before a Nasdaq Hearings Panel (the “Panel”).

On December 6, 2017, the Company received a letter from the Nasdaq granting the Company’s request to extend the stay of suspension pending a hearing before the Panel, in late January 2018. In early February 2018, the Nasdaq granted us an extension until May 10, 2018 to regain compliance with Nasdaq’s listing requirements.

On May 4, 2018, the Company informed the Panel of its determination that it would be unable to satisfy the May 10, 2018 deadline. On May 11, 2018, the Company received a notification letter from the Panel indicating that trading in the Company’s common stock was suspended effective at the open of business on May 14, 2018. The Panel also determined to delist the Company’s shares from Nasdaq after applicable appeal periods have lapsed. The Company has appealed the decision to the Nasdaq Listing and Hearing Review Council. Trading in the Company’s common stock on Nasdaq remains suspended and Nasdaq will not delist the Company’s common stock during the appeal process. While the Company’s common stock is suspended from trading on Nasdaq, the Company’s shares are currently quoted on the OTC Markets under the trading symbol SNCR.

General

We are a global provider of cloud, digital, messaging and Internet of Things (“IoT”) platforms, products and solutions for operators, enterprises, original equipment manufacturers (“OEMs”) and technology providers. Through our customers, we help hundreds of millions of subscribers and customers worldwide make use of their connected devices driving billions of transactions across the world’s leading networks.

We deliver platforms, products and solutions including: cloud-based sync, backup, storage and content engagement; multi-channel messaging communications and commerce solutions and digital technology management solutions including activation, data orchestration and automation.

These technologies supply service enablement and service delivery to a diverse group of customers in a converging technology space including: communication service providers (“CSP”); cable operators/multi-services operators (“MSO”); OEMs with embedded connectivity (e.g. smartphones, laptops, tablets and mobile internet devices such as automobiles, wearables for personal health and wellness, connected homes and cities), multi-channel retailers, medium and large enterprises and their consumers as well as other customers to accelerate and monetize value-add services for secure and broadband networks and connected devices.

Our products and platforms are designed to be carrier-grade, highly available, flexible and scalable to enable multiple converged communication services to be managed across multiple distribution channels including e-commerce, m-commerce, telesales, customer stores, indirect and other retail outlets allowing us to meet the rapidly changing and converging services and connected devices offered by our customers. Our products, platforms and solutions enable our customers to acquire, retain and service subscribers quickly, reliably and cost-effectively with white label and custom-branded solutions. Our customers can simplify the processes associated with managing the customer experience for procuring, activating, connecting, backing-up, synchronizing and social media and enterprise-wide sharing/collaboration with connected devices and contents from these devices and associated services. The extensibility, scalability, reliability and relevance of our platforms enable new revenue streams and retention opportunities for our customers through new subscriber acquisitions, sale of new devices, accessories and new value-added service offerings in the Cloud, while optimizing their cost of operations and enhancing customer experience. We currently operate in and market our solutions and services directly through our sales organizations in North America, Europe and Asia-Pacific.

Our industry-leading customers include Tier 1 mobile service providers such as AT&T Inc., Verizon Wireless, Vodafone, Orange, Sprint and Telstra, Tier 1 cable operators/MSOs and wireline operators like AT&T Inc., Comcast, Cablevision, Charter, CenturyLink, Mediacom and Level 3 Communications and large OEMs such as Apple and Ericsson. These customers utilize our platforms, technology and services to service both consumer and business customers.

Our Synchronoss Personal Cloud™, Messaging and Digital, enterprise-facing platforms provide end-to-end seamless integration between customer-facing channels/applications, communication services, or devices and “back-office” infrastructure-related systems and processes. Our customers rely on our solutions and technology to automate the process of activation and content, communications and commerce management for their subscriber’s devices while delivering additional communication services.

Our Synchronoss Personal Cloud™ solution seamlessly transfers content from an old device to a new device, syncs, backups and connects consumer’s content from multiple smart devices to our cloud platform. This allows carrier customers to protect and manage their growing cache of personally generated, mobile content over long periods of time.

Our Synchronoss Digital Platform orchestrates the complex and different back-end systems of communication service providers to provide a best-in-class ordering system by orchestrating the workflow and consolidated automated ordering & fulfillment, customer care services, and various other tasks via tailored data calls to native infrastructure and data lakes which hold a vast amount of raw data in its native format until it is needed. This allows CSPs, enterprises and OEMs using our platforms to realize the full benefits of their offerings with less information technology (“IT”) investment, faster time to market and higher revenue. The platforms also support, among other automated transaction areas, credit card billing, inventory management, and trouble ticketing. In addition to this, the platform supports the physical transactions involved in customer activation and service such as managing access service requests, local service requests, local number portability, and directory listings.

Our Synchronoss Messaging solutions give CSP, MSO and enterprise customers in the telecommunications, media and technology (“TMT”) space a powerful, secure, white label messaging platform that enables peer to peer (“P2P”) messaging across different channels including email, internet protocol (“IP”) and rich communications services (“RCS”) powered chat as well as automated messaging across various channels of our customers’ business. Synchronoss Email powers hundreds of millions of mail boxes worldwide. Synchronoss Advanced Messaging platform enables advanced P2P capabilities via RCS and real time communications (“RTC”) technology standards across connected devices. Additionally, our Advanced Messaging platform enables commerce across messaging channels and third parties or Application to Person (“A2P”) dialogue. This capability enables our customers to enable third parties to dialogue and drive commerce to their subscribers and consumers.

Our Synchronoss IoT solutions feature unique deployments across our cloud, digital and messaging platforms, products and solutions to create device activations for emerging devices such as drones, connected automobiles and connected appliances, sensors, etc.; orchestration of back end and device data and the presentation of smart alerts in chat bots to create better management of IoT use cases in ecosystems such as smart cities and cloud storage and intelligent exchange of data from connected devices to IoT administrators.

Our Synchronoss Enterprise solutions secure an uncompromised digital experience for businesses and consumers through our identity and access management and secure mobility platforms. Our solutions are based on understanding the behaviors of individuals through the capture of who they are, what they are doing and how, where and when they are doing it, allowing our platform to conduct fine grain policy execution, fraud and cybersecurity detection/prevention and productivity. Our identity and access solution supports both consumers by allowing them to self-register and verify their identity, while providing non-intrusive multi-factor authentication and businesses the ability to be sure the correct person is doing the transaction. In 2017, The secure mobility solution combines the identity platform with a bring your own device (“BYOD”) platform that is based on a secure container for accessing data, applications, content and personal information management tools like email, calendar, messaging and notes.

Markets We Serve

Our platforms, products and solutions operate in a white label capacity suppling service enablement and delivery to a diverse range of customers who increasingly find themselves in a converging TMT, IoT and Enterprise markets.

Operators

CSPs and MSOs license and deploy white label implementations of our Synchronoss Cloud, Messaging and Digital platforms, products and solutions to their subscribers around the world. CSPs and MSOs market and re-sell the value-added services powered by our technology to their subscribers as part of stand-alone subscriptions, value-added bundles or use our technologies directly to enhance their digital offerings. CSPs and MSOs license Synchronoss Personal Cloud to enhance their value-added service offerings to subscribers who purchase and lease mobile devices and network connectivity - storing and syncing their user generated content (e.g., videos, photos, documents, contacts, music etc.). CSPs and MSOs license Synchronoss messaging to enable white label multichannel messaging services including email and advanced P2P and A2P transactions. CSPs and MSOs also license Synchronoss Digital platforms, products and solutions to activate devices on their networks, automate order fulfillment and payment and orchestrate legacy data to create better, more streamlined internal workflows, customer care and billing.

Telecommunications, Media and Technology

Enterprises in the converged TMT space license white label instantiations of Synchronoss Cloud, Messaging and Digital platforms, products and solutions to power new digital experiences for their consumers and subscribers. TMT companies use Synchronoss Digital platforms, products and solutions to create efficient new digital work flows and customer experiences that make use of Synchronoss activation, automation and data orchestration capabilities to stream line and personalize customer experiences across digital touch points such as mobile devices (e.g. apps, mobile internet, messaging, web) creating new ways to interface with their consumers and subscribers that lower cost, increase revenue and satisfaction. TMT companies use Synchronoss

Messaging platforms, products and solutions to engage in advanced, automated digital dialogue with their customers for self-care, commerce, service feedback and a host of other use cases.

Internet of Things

Companies in the TMT space as well as OEMs and technology suppliers use Synchronoss Cloud, Messaging and Digital platforms, products and solutions to enable consumer and machine to machine ("M2M") experiences across new connected devices in the IoT market (e.g. smart homes, connected automobiles, wearable devices, smart appliances, smart cities, drones, etc.). Synchronoss Cloud platforms, products and solutions provides a single-source storage solution for connected devices that don't have a native data storage solution. Synchronoss Messaging platforms, products and solutions enables dialogue between devices, nodes/sensors and end users of IoT transactions. Synchronoss Digital platforms, products and solutions provide data orchestration and transaction automation capabilities to enable more targeted and secure use of data across IoT devices, networks, nodes/sensors and human participants.

Enterprise

Enterprise companies license and deploy white label implementations of our Synchronoss Digital, Identity and Secure Mobility platforms to enable secure transactions and communications between enterprise employees, internal systems and secure, regulated documents. Our enterprise solutions validate the identity and authenticity of an enterprise participant in secure data rooms and enable them to conduct digital business with less friction and secure protocol increasing security, productivity and employee satisfaction simultaneously.

Synchronoss Platforms, Products and Solutions

Our platforms, products and solutions offer flexible, scalable, extensible and relevant solutions backed by service level agreements ("SLA's") and exception handling.

Our Synchronoss Personal Cloud™, Messaging, Digital and Enterprise platforms, products and solutions provide highly scalable automated on-demand, end-to-end order processing, transaction management, service provisioning, device activation, intelligent connectivity and content transfer, synchronization and social media, identity and access management, secure mobility management as well as enterprise-wide sharing/collaboration through multiple channels including e-commerce, m-commerce, telesales, enterprise, indirect, and retail outlets. Our technologies are designed to be flexible and scalable across a wide range of existing communication services and connected devices, while offering a best-in-class experience for our customers and supporting traditional and non-traditional devices. The extensible nature of our platforms enables our customers to rapidly respond to the ever changing and competitive nature of the telecommunications, enterprise and mobile marketplaces.

Our platforms, products and solutions manage transactions relating to a wide range of existing communications and digital content services across our customers. For example, we enable wireless providers to conduct business-to-consumer ("B2C"), business-to-business ("B2B"), enterprise and indirect channel (i.e.: resellers/dealers) transactions. The capabilities of our platforms are designed to provide our customers with the opportunity to improve operational performance and efficiencies, dynamically identify new revenue opportunities and rapidly deploy new services. They are also designed to provide customers the opportunity to improve performance and efficiencies for activation, content migration and connectivity management for connected devices.

Our various platforms are designed to be:

Carrier Grade: We design our platforms to handle high-volume transactions from carriers rapidly and efficiently, with virtually no down-time. Our platforms are also capable of simultaneously handling millions of device content related transactions on a daily basis to ensure that personal content on all subscriber devices stays fresh and synchronized with the Cloud.

Ease of Use: Our Platforms resolve complexity with back end data and system frameworks to create simple, easy use cases to end users and subscribers. Our Digital platform provides automation of device, product and service fulfillment - relieving manual work flows and providing economy of scale; it orchestrates data from various data and business silos to create new, elegant and powerful end user use cases that existing system frameworks cannot support. Our Messaging platform provides common onboarding for third party brands that allow them to create bots and other commerce instances and then manage them throughout the customer lifecycle. Our Cloud platform creates an easy cross platform sync and access to subscriber personal data.

Highly Automated: We design our platforms to eliminate manual processes and to automate otherwise labor-intensive tasks, thus improving operating efficiencies and order accuracy and cost reduction. By tracking every order and identifying those that are not provisioned properly, our platforms are designed to substantially reduce the need for manual intervention and reduce unnecessary customer service center calls. The technology of our platforms automatically guides a customer's request for service through the entire series of required steps.

Predictable and Reliable: We are committed to providing high-quality, dependable services to our customers. To ensure reliability, system uptime and other service offerings, our transaction management is guaranteed through SLAs. Our platforms offer a complete customer management solution, including exception handling, which we believe is one of the main factors that differentiates us from our competitors. In performing exception handling, our platforms recognize and isolate transaction orders that are not configured to specifications, process them in a timely manner and communicate these orders back to our customers, thereby improving efficiencies and reducing backlog. In the past couple years, if manual intervention is required, our exception handling services are performed through outsourced to centers located in Canada and the United States and, where applicable, to other cost-effective geographies. Additionally, our database is designed to preserve data integrity while ensuring fast, efficient, transaction-oriented data retrieval methods.

Seamless: Our platforms integrate information across our customers' entire operation, including subscriber information, order information, delivery status, installation scheduling and content stored on the device to allow for the seamless activation and content transfer during the device purchase flow. Through our platforms, the device is automatically activated and consumer's content is available for use via the Cloud, ensuring continuity of service and reducing subscriber churn propensity. CSPs and multi-channel retailers can bundle additional applications during retail phone purchases, and also provide live updates to support new features and new devices. We have built our platforms using an open design with fully-documented software interfaces, commonly referred to as application programming interfaces (“API”). Our APIs enable our customers, strategic partners and other third parties to integrate our platforms with other software applications and to build best-in-class cloud-based applications incorporating third-party or customer-designed capabilities. Through our open design and alliance program, we believe we provide our customers with superior solutions that combine our technology with best-of-breed applications with the efficiency and cost-effectiveness of commercial, packaged interfaces.

Scalable: Our platforms are designed to process expanding transaction volumes reliably and cost effectively. While our transaction volume has increased rapidly since our inception, we anticipate substantial future growth in transaction volumes, and we believe our platforms are capable of scaling their output commensurately, requiring principally routine computer hardware and software updates. Our synchronization and activation platforms routinely support our customers' transactions at the highest level of demands when needed with our current production deployments. We continue to see the number of transactions for connected devices, such as smartphones, mobile Internet devices (“MID”), laptops, tablets and wirelessly enabled consumer electronics such as cameras, tablets, e-readers, personal navigation devices, global positioning system (“GPS”) enabled devices, and other connected consumer electronics, to be one of the fastest growing transaction types across all our platforms, products and services. Our Synchronoss Personal Cloud platform is deployed across more than 95 million devices, managing 20 billion entities in the Cloud and performing more than 4 million synchronizations per day.

Value-add Reporting Tools: Our platforms' attributes are tightly integrated into the critical workflows of our customers and have analytical reporting capabilities that provide near real-time information for every step of the relevant transaction processes. In addition to improving end-user customer satisfaction, these capabilities are designed to provide our customers with value-added insights into historical and current transaction trends. We also offer mobile reporting capabilities for users to receive critical data about their transactions on connected devices.

Build Consumer Loyalty and Create New Revenue Streams: Our synchronization services help drive consumers to the CSPs, OEM or multi-channel retailers by presenting them with a branded application and fully-integrated Web portal that provides convenience, security, and continuity for end user customers, which we believe helps our customers by further building the loyalty of their subscribers. Our Synchronoss Personal Cloud solution helps reduce subscriber churn by making it easy for subscribers to migrate smartphone content from an old device to a new device. Our Synchronoss Personal Cloud solution enables our carrier customers to sell premium value-add cloud storage solutions as well as cloud enabling premium partner opportunities. We are designing solutions that will allow carriers, OEMs and retail distributors to promote and fulfill new services through mobile channels to better monetize their cloud subscriber base.

Efficient: Our platforms' capabilities provide what we believe to be a more cost-effective, efficient and productive approach to enabling new activations across services and channels. Our solutions allow our customers to reduce overhead costs associated with building and operating their own customer transaction management infrastructure. With automated activation and integrated fall out support, our e-commerce platforms centralize customer service expectations, which we believe dramatically reduces our customers’ subscriber acquisition/retention costs in addition to operating expenses for training and staffing costs. We also provide our customers with the information and tools intended to more efficiently manage marketing and operational aspects of their business, as well as business intelligence required to do targeted up-selling of their products and services.

Quick Concept to Market Delivery: The automation and ease of integration of our on-demand platform allows our customers to accelerate the deployment of their services and new service offerings by shortening the time between a subscriber's order and the provisioning of service or activation and enabling of a connected device(s).

Extensible and Relevant: Our customers operate in dynamic and fast paced industries. Our platforms and solutions are built in a modular fashion, thereby conducive to be extended dynamically and enabling our customers to offer solutions that are relevant to current market situations, with the goal of providing them with the competitive edge required for them to be successful. The platforms are also designed to be highly customizable to each carrier’s specific back end systems as well as branding requirements.

Secure: By leveraging our identity and access management capabilities consumers can self register their identity, be verified and credentialed and manage their profile in order to have the best customer experience possible. This solution also supports identity proofing and scoring in order to conduct fraud and cyber security detection and prevention.

Synchronoss Cloud

Synchronoss Cloud platforms, products and solutions are designed to create a seamless customer experience for Operator subscribers from device purchase, service onboarding and ongoing content management.

Personal Cloud

Our Synchronoss Personal Cloud™ platform is designed to deliver an operator-branded experience for subscribers to backup, restore, synchronize and share their personal content across smartphones, tablets, computers and other connected devices from anywhere at any time. A key element of our Synchronoss Personal Cloud™ platform is that it extends a carrier’s or OEM’s visibility and reaches into all aspects of a subscriber’s use of a connected device. It introduces the notion of Connect-Sync-Activate for all devices. Once connected, most users of mobile devices avail themselves of content synchronization from the Cloud using policies that are appropriate and applicable to each specific device. Our Synchronoss Personal Cloud™ platform is specifically designed to support connected devices, such as smartphones, MIDs, laptops, tablets and wirelessly enabled consumer electronics such as wearables for health and wellness, cameras, tablets, e-readers, personal navigation devices, and GPS enabled devices, as well as connected automobiles. Our Synchronoss Personal Cloud™ solution features products that facilitate the transfer of mobile content from one smart device to another and the sync, backup, storage, content management and content engagement features for mobile content.

Our Synchronoss Personal Cloud™ platform is linked to a family of clients designed to enable a persistent relationship between a subscriber and their content across devices and time. Our platform supports clients and data backup across major operating systems including: iPhone operating system (“iOS”), Android, Windows and works with mobile smart devices, tablets and PCs/Web. Our platform and clients also support the backup, sync, upload and download of data classes including photos, videos, music, messages, documents, contacts and call logs. Our clients may also feature interactive features intended to stimulate daily use of the product such as Groups Spaces, smart push notifications, advanced sharing capabilities, smart album creation with more being added over time. Our Synchronoss Personal Cloud™ platform and clients may also integrate with select third party providers to co-opt features that drive third party application and service engagement which is designed to provide future monetization opportunities to third parties and carriers.

Mobile Content Transfer

Our Synchronoss Mobile Content Transfer™ solution is an easy to use product whose client enables a secure, peer-to-peer, wireless transfer of content from one mobile smart device to another in a carrier retail location or at home/work, etc. Our solution supports secure mobile content transfer across major operating systems including iOS, Android and Windows. Our Synchronoss Mobile Content Transfer™ solution can transfer select data classes that may include photos, videos, music, messages, documents, contacts and call logs, across operating systems with varying degrees of support in accordance with the openness of the platform.

Backup & Transfer

Our Synchronoss Backup & Transfer™ solution is a variation of Synchronoss Mobile Content Transfer™ that offers the same peer-to-peer transfer of select data classes across smart mobile devices and major operating systems and also offers the ability to send supported data classes that may include photos, videos, music, messages, documents, contacts and call logs up to the cloud for temporary storage and then restore the content back into the new device or to a new device with the same client. This capability supports care channel use cases of securing content during a device wipe and also creates a value added solution in the case of lost devices, cracked screens and other edge use cases. Furthermore, our Synchronoss Backup & Transfer™ solution gives the subscriber the capability to establish a cloud account at the point of transfer and an auto sync capability to keep content backed up to the cloud account going forward. This unified experience is designed to drive cloud enrollment at the point of transfer (often during a new line or upgrade) and provide an opportunity to get content into the Cloud to reduce the time of transfer for the next upgrade.

Out of Box Experience ("OOBE")

Synchronoss OOBE is an integrated solution to allow Operators to integrate a first-use, branded set up experience on Android devices from retail and online purchases. Operators integrated this application into Android devices to allow for an easier to use experience for a streamlined device set up, promote value-added service applications for download and introduce the ability to store content in the Cloud - allowing an easier onboarding experience at the next device purchase and/or upgrade.

Synchronoss Digital

Activation Platform

Our Activation technology is a scalable and flexible platform that decouples the order processing customer experience from varied and legacy IT back office order management systems. This enables sale, delivery, and assurance of new "Complex Product" bundles quickly and cheaply, creates a uniform product portfolio and pricing schema across all Sales Channels and reduces cost while improving the customer experience by reducing error rates and throughput time in processing orders, alarms, etc. The platform is fully scalable, agile & adaptable to future products, services & channel changes, it serves as a future-proof activation platform with end-to-end channel visibility & analytics and features a flexible commercial model - Software as a service ("SaaS") or product sale with professional services.

Our Activation Platform features the following components:

- *Core Offers:* Six modules allowing for service and product order capture and transaction processing may include: Order Manager, Orchestration Gateway, Work Flow Manager, Front End Portals, Visibility Manager, Product Catalogue

- *Add-on Offers:* Ten modules that are available to extend new functionality around value-added services as needed may include: Fraud Verification, Inbound Call Tracking Manager, Notification Manager, Visibility Manager, Interactive Voice Response ("IVR") and Information and Communication Technology ("ICT") Managers, Dynamic Work Queue Manager, Catalogue Manager, Bulk Order Process Manager, Identity Manager, Call to order capture manager

- *Service-Based Offers:* Operations work and program management services may include: Operation and Call Center Management, Sales Delivery and Program Management

- *Custom Development:* Value added applications for Enterprise and Consumers such as sales portals can be added to the Activation Platform to facilitate catalogue management, point of sale, customer self-care, and inventory management

Network Optimization

The Synchronoss Spatial Suite provides an accurate, scalable solution for optimizing every phase of the network asset lifecycle including planning, sales, marketing and customer service. In addition to handling large volumes of customer transactions quickly and efficiently, our platforms are designed to recognize, isolate and address transactions when there is insufficient information or other erroneous process elements. This knowledge enables us to adapt our solutions to automate a higher percentage of transactions over time, further improving the value of our solutions to our customers. Our platforms also offer a centralized reporting platform that provides intelligent, real-time analytics around the entire workflow related to any transaction. This reporting allows our customers to appropriately identify buying behaviors and trends, define their subscriber segments and pin-point areas where their business is changing or could be improved. These analytics enable our customers to upsell new and additional products and services in a targeted fashion that help increase their consumption of our product offerings. The automation and ease of integration of our platforms are designed to enable our customers to lower the cost of new subscriber acquisitions, enhance the accuracy and reliability of customer transactions thereby reducing the inbound service call volumes, and responding rapidly to competitive market conditions to create new revenue streams.

Advanced Analytics

Synchronoss Advanced Analytics is a patent pending insight generation system, applying machine learning and artificial intelligence to the uniquely valuable data sets from network, devices and applications to deliver measurable, business-specific outcomes that help our customers make better informed decisions in marketing, finance, customer experiences and IoT. Synchronoss Advanced Analytics combines an applied data science team, a proven and scalable data analysis platform and a highly flexible visualization interface into SaaS or success-based models to generate predictive insights and business results.

Synchronoss Advanced Analytics provides customers the ability to:

- Create new revenue streams and enable monetization of data assets
- Optimize network investments while maximizing margin and customer value
- Accurately measure campaign and program effectiveness across channels such as mobile, digital, care and retail
- Target prospects for acquisition more effectively and efficiently - improving customer retention and satisfaction

Synchronoss Advanced Analytics has offerings and solutions focused in the following verticals:

- *Sales & Marketing:* helps companies better target and refine promotional campaigns, improving key performance indicators ("KPI's") in customer acquisition and retention.
- *Customer Experience:* helps companies refine the effectiveness of digital customer experiences analyzing user responses, patterns and fail points to create better execution of products and services.
- *Financial Assurance:* is a comprehensive procurement-to-payment application suite that helps companies manage network expense and automate workflow, inventory management and governance.
- *IoT:* connects previously disparate data from M2M devices to create actionable insights and productized services for companies operating IoT solutions.

Synchronoss Messaging

Synchronoss Messaging platforms, products and solutions enable cross channel, secure communications across connected devices.

E-Mail

Email Suite, provides service providers a secure, white-label, back-end framework for a branded, email service that's reliable, consistent, and safe. Our world-class email service has customers across the global market in North America, Europe, the Middle East and Africa ("EMEA"), Latin America and the Asia Pacific ("APAC") region.

Our Email suite offers feature-rich, reliable, and secure messaging - on any device - through integrated email, chat, voice, and video messaging. This messaging synergy enables a simpler sharing of files and photos, more privacy, greater security commerce transactions, larger mailboxes, unlimited attachment sizes, faster search and retrieval, and seamless access from smartphones and tablets. Our Email solution offers leading anti-virus & anti-spam and malware technology to keep the integrity and security of the customer experience and subscriber data protection to carrier standards. Our Email solution is designed to feature a branded and customizable user interface ("UI") for emails, contacts, calendars, and tasks, accessible via smartphone, tablet, and desktop devices. User Experience delivers highly intuitive and feature-rich mobile and desktop email experiences that match what any over-the-top ("OTT") provider offers.

Advanced Messaging

Our Advanced Messaging platform supports advanced messaging in both RCS and RTC and enables commerce across channels via A2P experiences:

- *P2P Advanced Messaging Client:* Advanced Messaging supports an advanced P2P client based on RCS and RTC technologies with compelling data (chat), voice, group and video communication features. Our RCS/RTC client opens up new means of conversation providing richer communications, viral distribution via subscribers and provides new gateways for commerce that Short Message Service ("SMS") cannot provide.

- *A2P Messaging Commerce:* Our A2P solutions are an end-to-end set of capabilities to help Operators, TMT companies and third party brands establish an AI-driven dialogue with subscribers and consumers. The Advanced Messaging platform aggregates chat bot engines, software development kits ("SDK's") and API's exposing these tools to third party brands. This functions as an onboarding environment for chat bots, merchandising and advertising to function within a messaging environment. The platform collects user engagement data and through analytics powered dashboards, optimizing bot performance via campaign monitoring that ties into downstream third party customer relationship management ("CRM") operations.

IoT

Our IoT solutions use our Digital platform, products and solutions into IoT devices, ecosystems and administrative centers. Our solution powers an N-Tier Java application supporting a message passing paradigm to orchestrate automated transactions that may require some manual processing steps. Transactions supported are of a service lifecycle nature, including but not limited to, activation, registration, transfer of ownership, and rate plan changes.

Primary services are third-party Portals, an Orchestration Gateway, Connectors to third-party services, and a Customer Service Portal (aka, Order Manager). At various times in the life of this solution (since inception in 2014) there have been Synchronoss-built portals including the Geneva (Timex Ironman) Portal, AT&T DriveStudio Portal, and Jaguar Land Rover ("JLR") Portal. OEMs supported at one time or another include Automotive (Audi, Volvo, JLR) and Wearables (Timex Ironman Watch). Some of the other opportunities that were explored and prototyped were aftermarket head units (Pioneer), relationships with Volkswagen Group. Third party service connectors have been built for the (Timex Ironman/Qualcomm) Geneva Server, RACO, and Jasper to provide device specific support, and introductory service packages. Qualcomm's Geneva Server collected telemetry from the Timex Ironman. The Synchronoss built and maintained Geneva Portal and Orchestration Gateway provided a sophisticated user experience with a view into the telemetry by mapping runs, simple messaging, and alerting the runner's "Angel" in case of an emergency.

Primary use cases are:

- Bulk activation by OEMs for manufacturer funded introductory Wireless service.
- Registration of device/vehicle owners and contact information by the dealer when a car is sold.
- Reminders (email) are sent to device/vehicle owners as introductory period ends.
- Support for a catalog of carrier (AT&T Wireless) plans and services.
- Activation of new/changed plans and services.
- Transfer of integrated circuit card identifier ("ICCID") from one device owner to another.
- Status queries (*e.g.*, is ICCID active, on what Vehicle Identification Number, introductory or upgraded)
- A variety of tools and services to support Customer Care use cases.

Synchronoss Enterprise Solutions

Our Synchronoss Enterprise platform, products and purpose-built industry solutions drive business outcomes for Enterprise customers including: improved employee productivity in a secure environment, greater agility and responsiveness to consumers, higher consumer loyalty and more revenue and proactively anticipating regulatory data/retention and privacy requirements.

Our Synchronoss Enterprise platform, products and industry solutions are targeted, initially at the following markets:

- Financial Services: Capital markets, banking and insurance.
- Healthcare: Providers and payers
- Life Sciences: Pharmaceuticals, device manufacturers and clinical research organizations

As of the end of 2017, there are three primary areas to this platform, which drives an uncompromised digital experience in select Enterprise vertical markets:

- Secure Mobility Management: a BYOD implementation that provides the rich integration and orchestration of secure mobile productivity software featuring fine grain activity capture and dynamic policy execution through best in class mobility management, security and policy management tools and intelligent productivity through behavioral analytics
- Data & Analytics: solution which support fraud and cyber security detection/prevention, dynamic policy administration/execution and predictive productivity
- Identity and Access Management: solution that allows customers to self-register and verify their identity while providing non-intrusive multi factor authentication and enables businesses to allow them to be sure the consumer is the correct person doing authorized to conduct the transaction.

Demand Drivers for Our Business

Our products and services can manage a wide variety of transactions across multiple customer delivery channels and services, which we believe enables us to benefit from increased growth, complexity and technological change in the communications technology industry.

As the TMT and IoT industries evolve, new access networks, connected devices and applications with multiple services and modes are emerging that will provide growth markets for Synchronoss. This proliferation of services and advancement of technologies is accelerating subscriber revenue growth, significantly expanding the types and volume of rich content accessed and stored by consumers, and increasing the number of transactions between our customers and their subscribers.

Growth of Two major Smartphone Platforms

As the mobile market matures, smartphones from Apple and Google dominate the world-wide Operator markets. Today, according to Gartner and Statista, Android and iOS combine for more than 99.5% of new smartphone sales with 1.7 billion smartphone shipments forecasted in 2020. With Smartphones being the primary access point in the digital services landscape, this creates a growing need for Synchronoss platforms, products and solutions. The rest of the world is catching up not only to smart phones but in the services that accompany them. In sizable, emerging, low Average Revenue per User (“ARPU”) markets such as Latin America, Global System for Mobile Communications Association (“GSMA”) estimates that almost 85 million new smartphones are in use in the region since 2016, with Brazil adding more than 20 million and Mexico 18 million. By 2020, the region is expected to have an adoption rate of 71%, ahead of the global average of 66% with an additional 170 million new smartphone users expected to be across the region by the end of the decade.

Growth in Data

In 1992, the Internet was handling 100 GB of data per day and twenty-five years later, it is more than 25,000 GB per second, primarily thanks to the use of mobile channels. The growth in smartphones and high speed network proliferation begets aggressive growth in data consumption and usage. According to marketingland, the mobile segment now represents 65 percent of digital media time. We believe this growth will increase the adoption of Synchronoss’ services such as cloud and messaging on the consumer end and in the Digital and IoT markets. Global monthly mobile data traffic is forecasted to double every two years from 2016 to 2021. Video is expected to consume more than 80% of consumer Internet traffic in 2021 and from 2018-2021, video consumption is expected to more than double from 75 PB per month to 159 PB.

User Generated Content

With the growth in data comes a commensurate growth in user generated content (“UGC”) which has a direct correlation on the adoption of cloud storage services. While subscribers still consume far more video than they produce, the amount of data produced is going up steadily. iCloud from Apple increased storage tiers, from 20GB to 50GB, and from 1TB to 2TB. Google Photos has more than 500 million users, with approximately 1.2 billion photos uploaded every day. While cloud storage has thrived on a primarily “freemium” model, the rate of storage hitting the consumer “pay wall” is on the rise. Business Insider estimates that eleven million subscribers, or 0.7% of the Dropbox base, now pay for cloud storage each month.

Data Security and Email Platforms

Service providers were at one point content to relinquish branded control of their email services to OTT providers (Yahoo, Google, etc.) but are now beginning to take a renewed interest in white label solutions due, in part to a recent history of security breaches from OTT providers. In the past five years (2013-2017), there were more than 40 data breaches that affected at least a million records each. The largest breaches were: Yahoo (1 billion), Friend Finder Networks (400 million), Adobe (152 million), eBay (145 million), Equifax (143 million), JP Morgan Chase (76 million), Target (70 million) and Sony (100 TB of data). According to Radacati, the worldwide market for Secure Email Gateway solutions continues to show growth and is forecasted to grow to over $1.9 billion by 2020.

Big Data and Monetization

The scale of data circulating over wireless and broadband networks has given rise to the monetization of big data causing many to proclaim it as “Data is the new oil.” International Data Corporation (“IDC”) forecasts the market for big data and business analytics will grow to $203 billion by 2020. Data is being used to gather intelligence on consumers and deliver more effective and predictive services. According to the Boston Consulting Group, the application of personal data could deliver a €1 trillion annual economic benefit (roughly 8% of current Gross Domestic Product) to the EU-27 by 2020.

OTT IP Messaging

One of the most significant growth stories of the past two years has been the rise in Messaging applications and the Messaging as a Platform (“MaaP”) services that support them. This growth started in response to a free IP alternative to tariffed SMS followed by IP feature growth which created a huge surge in IP Messaging usage. According to TechCrunch, WhatsApp has 1.5 billion users and 60 billion messages sent per day and Facebook Messenger has 1.3 billion users. Together, Facebook Messenger and WhatsApp alone out pace global SMS on a daily basis 3:1 (60 billion to 20 billion messages per day). Most of the growth in A2P messaging revenue has occurred in the APAC markets with sparks beginning to ignite in American and EMEA markets. Chinese messaging giant WeChat has one billion monthly active users. The LINE app generated more than $1.5 billion revenue in 2017 representing annual growth of approximately 19%. KakaoTalk generated more than $900 million revenue in 2017 or annual growth of approximately 14%. With the advent of automated chat bots from these messaging services, the pathway to future brand dialogue is being paved as the new norm. By 2020, it is expected that 85% of a customer's brand experience will occur without any human interaction.

Digital Transformation

Apple, Alphabet (Google), Microsoft, Amazon and Facebook are now five ("Big Five") of the six biggest companies in the world and are all digital companies. Their ten year rise to the top of global companies is sending shockwaves throughout the TMT and IoT markets to catch up. These companies are trying to transform themselves digitally not only to escape growth and margin pressures (in the case of Telcos) but also in a race to meet consumer expectations largely set by the Big Five companies mentioned above. According to the Boston Consulting Group, the average US household receives annual benefit of $970 from digital services. As an example, by 2022, it is expected that there will be over 70 million households in the U.S. with at least one voice-enabled smart speaker. This is more than the 66.6 million non-satellite Pay TV subscribers (Cable TV and Telco TV subscribers combined). This sudden evolution has created a thriving market place for platform, product and solution vendors to give existing companies a leg up in the digital arms race. As a result, Digital Journal expects Digital Transformation spending to be $1.3 trillion in 2018. But spending is not enough as 84% of companies fail at digital transformation, according to Forbes. This is especially telling that companies who have budget to catch up to the Big Five companies in the world will need large amounts of assistance. Creating a digital-worthy customer experience is not an inherent skill in most companies. As a result, Markets and Markets projects that the customer experience management market is projected to grow from an estimated $6 billion in 2017 to $17 billion by 2022, at a cumulative average growth rate of approximately 23%.

Propagation of 5G Network and IoT

Perhaps the biggest growth driver of the next five years will be the advent of the 5G Network and the epoch change in business that comes with it. Network operators will trial 5G in 2018, with the goal of launching in 2020. 5G tops out at 10 gigabits per second ("Gbps"). That means 5G is a hundred times faster than the current 4G technology-at its theoretical maximum speed. Perhaps the real value in 5G isn't the speed but the low latency. The 5G Network was designed around enabling use cases in the IoT marketplace and this network will set the IoT market on its way. Smart Cities will be a major driver and customer of the 5G networks. Gartner estimates that around 380 million connected things are in use in cities to deliver sustainability and climate change goals in 2017, and that this figure will increase to 1.39 billion units in 2020, representing 20 percent of all smart city connected things in use. The amount of data traffic will likely grow faster than the number of connections because of the increase of deployment of video applications on M2M connections and the increased use of applications, such as telemedicine and smart car navigation systems, which require greater bandwidth and lower latency. Moreover, more people are moving into urban environments where IoT and smart cities are growing. By 2050, there is expected to be 7.5 billion people living in urban environments, equivalent to the entire world population today. Simply put, cities will be forced to get more efficient causing a greater need for IoT device, ecosystem, network and administrative solutions.

Growth Strategy

Our growth strategy is to establish our platforms as the de-facto industry standard for CSPs, MSOs, OEMs, multi-channel retailers and TMT enterprise customers while investing in logical extensions of our product and services portfolio into new markets. We will continue to focus our technology and development efforts around improving functionality, helping customers drive higher ARPU and subscriber retention, embracing alternative channels and allowing more capabilities for ordering bundled applications and content offerings across these same complex and advanced networks.

Key elements of our growth strategy are:

Consolidation of focus. We expect our growth strategy to gain more traction as we narrow the focus of our offerings away from secure Enterprise and into "consumer" markets in the Operator, TMT and IoT sectors. This added focus will streamline and strengthen our product investments and reinforce our reputation as a consumer-oriented technologies company.

Expand growth in our core product lines. Along with our re-focus to our core offerings and market we will aggressively seek opportunities to expand our existing offerings to new customers and deepen our relationship with existing customers.

Expansion of Synchronoss Personal Cloud. We will expand our Synchronoss Personal Cloud platform, products and solutions to new service provider (CSP, MSO) customers. This sales and marketing push will reinforce major trends at work in the market: the increase of cloud adoption from OTT providers and the proven effectiveness (and consumer willingness) to pay for premium cloud storage. These two trends shift the perceived value of an Operator cloud to a profit center vs a cost center that should open new sales opportunities with new customers and in new markets. Additionally, we are increasing our efforts to partner with analogous partners in the Personal Cloud space with companies who provide other handset services to Operators. An example of this partnering effort in handset insurance. The bundling of personal cloud with handset insurance creates a "total protection" bundle which creates a better business model for operators and a better value for customers. Finally, as new markets emerge for Synchronoss, such as IoT, we believe our Personal Cloud solution is positioned as a significant value add to new devices such as Connected/Autonomous automobiles, drones and sensors who will benefit from smart, secure data storage and exchange.

Expansion of Digital. Our success in Digital services began with device and service activation through operators. With the advent of business and technology trends such as Digital Transformation, IoT, etc. our Digital line of products is poised for new growth due to the unique nature of the problems it solves for our customers at harnessing complex data and creating new experiences in the back office.

Expansion of Activation. The foundation of our Activation solution is activating devices and services directly for service provider customers. As service providers invest in digital transformation of their operations and cost structures, Activation of devices and services is positioned to help transition service providers' digital footprint and decrease their overall cost structure. This case study is being aggressively marketed and sold by us to new service providers globally on the heels of this trend. Additionally, we are pursuing indirect methods of distribution through OEM and other technology channels who seek to activate devices and service plans on behalf of several Operators in the market. We believe our Activation platform is positioned well to bring new devices, sensors, nodes and more online in the IoT market. Finally, Activation is uniquely positioned to harness data from bespoke, complex sources in Operators and TMT customers to create new digital use cases in everything from automated self-care, personalized sales & marketing and other lower cost, high value digital interfaces with subscribers and consumers.

Expansion of Digital Channels. Our Digital Channels product provides a customized, predictive interface to purchasing devices and services from Operators and maintaining an effective, automated self-service environment. Digital Channels applies our Activation platform's ability to sit over top of existing data silos as a "Logic Layer" and surgically extract data as needed to create a personalized account self-service portal for Operator's B2B major accounts and consumer buy flows. As Operators expand their offerings and markets, the need to conflate different services into a single buy flow is imperative to making good use of their massive distribution channel. To that end, our Digital Channels product can provide an easy to use, powerful, personalized single interface, buy flow and self-service interface for a one-stop-shop and care interface online and on mobile applications. As an example, Digital Channels is being deployed by Sprint to combine their wireline, wireless and IoT product lines into a single B2B buy flow - saving them cost, decreasing time to market and unlocking new revenue.

Expansion of Digital Broker. Digital Broker enables Operators to onboard and manage independent software vendors ("ISV") as a distribution channel to their Enterprise and small business customers. Digital Broker sits as a module on top of our Digital Channels product and gives B2B customers a turn key way to procure and manage their relationship with ISV's directly. We believe this provides new revenue and functionality for Operators to offer their B2B subscribers and will create a stronger interest in our Digital Channels product.

Expansion of Messaging. As messaging grows in scale and potency to overtake social platforms in active users and ARPU, more companies are looking at messaging as not only a vital service for communications but for commerce. Our Email and Advanced Messaging platforms, products and solutions are well positioned to help Operators, TMT Enterprise and IoT participants harness this new trend.

Expansion of Advanced Messaging. As noted in the demand drivers for our business, advanced (IP and RCS) messaging continues to surge ahead of social media in audience engagement and ARPU. Operator messaging revenue has been the biggest victim of the OTT digital revolution. According to Juniper Research, the consumer migration from operator voice and text services to OTT messaging services and social media cost network operators nearly $104 billion in 2017, equivalent to 12% of their service revenues. WhatsApp, Facebook Messenger, Instagram, WeChat have grown their revenues on the basis of forming open access communities that attract vast, captive, and engaged audiences that continue to glean new commercial opportunities. This multi-dimensional approach presents the future to mobile operators - for most, the response will be investments in RCS. Most have conceded that they are unlikely to return to the SMS glory days of old - RCS, despite ongoing issues related to its business case, seems to be the accepted, operator-wide response. There are however, a range of operators that aren't content with RCS alone. Some operators are developing their own competitive OTT messaging offerings to try and claw back at least some of the revenue they've lost. Some operators are looking to join forces and build mobile-centric messaging communities that emulate OTT services, but have the potential to go even further. While they will likely not displace OTT messaging providers they are well positioned to obtain net/new revenue. We see opportunities for cooperation in markets as well as the use of MaaP to enhance carrier service and care offerings.

Expansion of Email. The year 2017 saw a shift, in the Operator community, away from a less expensive OTT email solution to white label due, in part to the business and brand implications of massive security breaches with Yahoo and others. Our email platform remains competitive in terms of feature sets, ability to scale, carrier grade security and ability to monetize communications channels. To that end, we have been working to secure and renew existing Operator/Service provider contracts to grow our base of messaging operations worldwide.

Geographic Market Expansion. Synchronoss is maintaining and growing its worldwide presence by reinforcing its leadership in the EMEA markets and solidifying its footholds in the APAC markets as well as re-entering the Latin America markets with Cloud platform offerings.

Diversification & Expansion of our customer base in TMT. Synchronoss is consolidating its focus on the consumer markets and moving away from the Secure Enterprise Market position we held in 2017. To accentuate this focus in the consumer markets, we are widening our product scope beyond Operators to the entire TMT industry as well as the IoT markets as they invest in digital transformation initiatives. This will provide a wide range of applicability for Synchronoss platforms, products and solutions throughout worldwide markets.

Expansion into Emerging Devices and Internet of Things Space. Various forecasts from industry leading sources have cited explosive growth in the non-traditional connected devices space. Such devices include connected cars, connected homes, health and wellness and health care domains and smart cities. We plan on expanding both our activation platforms (focused on the new activation needs emerging from such devices on the service provider networks) as well as our cloud (focused on storing data from the varying devices to be stored securely in the Cloud) and messaging platforms in an effort to capitalize on the growth emerging from these new opportunities.

Customers

Our industry-leading customers include Tier 1 mobile service providers such as AT&T Inc., Verizon Wireless, Vodafone, Orange, Sprint and Telstra, Tier 1 cable operators/MSOs and wireline operators like AT&T Inc., Comcast, Cablevision, Charter, CenturyLink, Mediacom and Level 3 Communications, and large OEMs such as Apple and Ericsson. These customers utilize our platforms, technology and services to service both consumer and business customers.

We maintain strong and collaborative relationships with our customers, which we believe to be one of our core competencies and critical to our success. We are generally the only provider of the services we offer to our customers. Contracts extend up to 60 months from execution and include minimum transaction or revenue commitments from our customers. All of our significant customers may terminate their contracts for convenience upon written notice and in many cases payment of contractual penalties.

Our top five customers accounted for 73%, 74% and 82% of net revenues for the years ended December 31, 2017, 2016 and 2015, respectively. Contracts with these customers typically run for three to five years. Of these customers, Verizon accounted for more than 10% of our revenues in 2017. The loss of Verizon as a customer would have a material negative impact on our company. However, we believe that Verizon would encounter substantial costs in replacing Synchronoss' solution.

Sales, Partnerships and Marketing

Sales

We market and sell our services primarily through a direct sales force and through our strategic partners. To date, we have concentrated our sales efforts on a range of CSPs, OEMs, enterprises, government and multi-channel retailers both domestically and internationally. Typically, our sales process involves an initial consultative process that allows our customers to better assess the operating and capital expenditure benefits associated with an optimal activation, provisioning, and cloud-based content management architecture. Our sales teams are well trained in our Activation Services, Synchronoss Personal Cloud, Synchronoss Messaging and Synchronoss Digital Transformation platforms and on the market trends and conditions that our current and potential customers are facing. This enables them to easily identify and qualify opportunities that are appropriate for our platforms deployments to benefit these customers. Following each sale, we assign account managers to provide ongoing support and to identify additional sales opportunities. We generate leads from contacts made through trade-shows, seminars, conferences, events, market research, our Web site, customers, strategic partners and our ongoing public relations programs.

Partnerships

We are establishing a dedicated partner outreach as a dedicated arm of growth for Synchronoss. The Synchronoss Partnership program will have three dedicated vectors of focus:

Go To Market/Channels: We are pursuing partnerships with technology companies who supply customers and hosted solutions to Synchronoss platforms, products and solutions. Synchronoss will supply value by introducing these partners to our pipeline of global customers and will receive the benefit of customers from our Technology partners who have interest in Synchronoss platform, products and solutions. These partnerships will provide new sales funnels and scale to Synchronoss offerings.

Technology Augmentation: We are pursuing partnerships with technology companies with complementary IP in platforms, products and solutions. Synchronoss is pursuing partnerships with a two-way value-add in technologies that supply strategic functionality to our mutual customers. These partnerships will provide ready-made technologies that allow our platforms, products and solutions to participate in new markets without the investment in new technology.

System Integrators: We are pursuing partnerships with system integrators ("SI") and consulting firms in order to expose our platforms, products and solutions to a wider range of customers and supply our SI partners with ready-made IP to fulfill on their custom solutions. These partnerships will provide SI's with turnkey technologies to fulfill vertical lines of solutions in the TMT and IoT space and will formulate the basis of a formal Synchronoss Partnership Program featuring toolkits, documentation, a dedicated extranet and other channel support.

Maintain Technology Leadership: We strive to continue to build upon our technology leadership by continuing to invest in research and development to increase the automation of processes and workflows and develop complementary product modules that leverage our platforms and competitive strengths, thus driving increased interest by making it more economical for customers to use us as a third-party solutions provider. In addition, we believe our close relationships with our Tier 1 customers will continue to provide us with valuable insights into the dynamics that are creating demand for next-generation solutions.

Leverage and Enforce our Intellectual Property: We have a significant repository of granted and filed patents and trademarks, and we expect to use this as a differentiator of our products and services in the marketplace.

Marketing

We focus our outbound marketing efforts on increasing our visibility in the market through joint customer public relations, thought leadership through the analyst and media communities, presence at major industry trade shows (e.g. Consumer Electronics Show ("CES"), GSMA or Mobile World Congress ("MWC") - Europe, Asia, America, TM Forum etc), and other customer events and forums. In addition, we maintain relationships with recognized trade media and industry analysts such as Allied Business Intelligence ("ABI") Research, IDC, Gartner Inc., Forrester Research, Inc., Ovum, Frost & Sullivan and Yankee Group. Additionally, we focus marketing efforts on supporting new product initiatives, creating better understanding and awareness of our offerings and supporting new sales opportunities. We base our product management strategy on analysis of market requirements, customer needs, industry direction, competitive offerings and projected customer cost savings and revenue opportunities. Our team is active in numerous technology and industry forums such as TeleManagement Forum ("TM Forum"), Cellular Telecommunications Industry Association ("CTIA") and the GSMA and we regularly get invited to speak at tradeshows such as the CES, CTIA, MWC, Mobile Future Forward Series and Wireless Influencers Forum, in which we also demonstrate our solutions. We also manage and maintain our Web site, blog, social media profiles on LinkedIn, Twitter and Facebook, utilize search engine optimization ("SEO") and search engine marketing ("SEM"), publish product related content and educational white papers, videos and conduct seminars and user group meetings.

Competition

Competition in our markets is intense and includes rapidly-changing technologies and customer requirements, as well as evolving industry standards and frequent product introductions. We compete primarily on the basis of the breadth of our domain expertise, our proprietary exception handling, and the breadth of our Synchronoss Personal Cloud content synchronization and sharing capabilities, as well as on the basis of price, time-to-market, functionality, quality and breadth of product and service offerings.

We believe the most important factors making us a strong competitor include:

- Breadth and depth of our transaction and content management solutions, including our exception handling technology
- Carrier grade nature and scalability of our solutions
- Quality and performance of our products
- High-quality customer service
- Ability to implement and integrate solutions
- Overall value of our platforms
- References of our customers

We are aware of other consulting firms, technology companies, and smaller entrepreneurial companies that are focusing significant resources on developing and marketing products and services that will compete with our platforms. We anticipate continued growth in the communications industry and the entrance of new competitors in the order processing and transaction management solutions market and expect that the market for our products and services will remain intensely competitive:

- OTT Providers: Cloud - iCloud, Google Photos, Dropbox, Funambol; Messaging - Line, WeChat, Facebook Messenger, iMessage, Jibe, Mavenir
- Consulting/Service Integrators: Accenture, Ernst & Young, Deloitte, Amdocs, Ericsson
- Internal resources - IT resources for CSP and MSO customers who have internal projects that replicate Synchronoss product scope

Employees

We believe that our growth and success are attributable in large part to our employees and an experienced management team, many members of which have years of industry experience in building, implementing, marketing and selling transaction management solutions critical to business operations. We intend to continue training our employees, as well as developing and promoting our culture, and believe that these efforts provide us with a sustainable competitive advantage. We offer a work environment that enables employees to make meaningful contributions, as well as incentive programs that are designed to continue to motivate, retain and reward our employees.

As of December 31, 2017, we had 1,428 full-time employees located in India, North America, Europe and Asia Pacific regions. None of our employees are covered by any collective bargaining agreements.

Geographic Information

Information regarding financial data by geographic location is set forth in *Note 3 - Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K in sub-section “Segment and Geographic Information”.

Available Information

Our Web address is www.synchronoss.com. On this Web site, we post the following filings after they are electronically filed with or furnished to the SEC: Form 10-K, Form 10-Q, our current reports on Form 8-K, our proxy statement on Form 14A related to our annual stockholders’ meeting and any amendment to those reports or statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. All such filings are available on the Investor Relations portion of our Web site free of charge. The contents of our Web site are not intended to be incorporated by reference into this Form 10-K or in any other report or document we file.

The reports filed with the SEC by us and by our officers, directors and significant shareholders are available for review on the SEC’s website at www.sec.gov. You may also read and copy materials that we filed with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Synchronoss and Synchronoss Personal Cloud and other trademarks of Synchronoss appearing in this Form 10-K are the property of Synchronoss. Other trademarks or service marks that may appear in this Annual Report are the property of their respective holders. Solely for convenience, the trademarks and trade names in this Annual Report are referred to without the ®, ™ and SM symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

ITEM 1A. *RISK FACTORS*

An investment in our common stock involves a high degree of risk. The following are certain risk factors that could affect our business, financial results and results of operations. You should carefully consider the following risk factors in connection with evaluating the forward-looking statements contained in this Form 10-K because these factors could cause the actual results and conditions to differ materially from those projected in forward-looking statements. The risks that we have highlighted here are not the only ones that we face. If any of the risks actually occur, our business, financial condition or results of operation could be negatively affected. In that case, the trading price of our stock could decline, and our stockholders may lose part or all of their investment.

Risks Related to Restatement and Failure to Timely File Required Reports

The restatement of our previously issued financial statements contained in this Form 10-K may lead to additional risks and uncertainties, including regulatory, stockholder or other actions, loss of investor confidence and negative impacts on our stock price.

Our Audit Committee, after consultation with management and discussing with outside counsel, external auditors and third-party consultants, concluded that our previously issued consolidated financial statements for the fiscal years ended December 31, 2014, 2015 and 2016 and respective quarterly periods should be restated for the reasons described in “Explanatory Note Regarding Restatement” preceding Part I, Item 1 and *Note 2 - Restatement of Previously Issued Consolidated Financial Statements* of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K includes restated audited financial statements and selected financial data (and related disclosures) for the fiscal years ended December 31, 2016, 2015, 2014 and 2013, as well as certain restated unaudited financial information for each of the quarterly and year-end periods in 2015 and 2016 and unaudited financial information for the first three quarterly and year-to-date periods in 2017. Financial information included in our previously filed Form 10-K and our Quarterly Reports on Form 10-Q as filed for the fiscal years ended December 31, 2016 and 2015, and all earnings press releases and similar communications issued by us, for such periods, should not be relied upon and are superseded in their entirety by this Form 10-K. This Form 10-K amends and restates, in its entirety, our Form 10-K for the years ended December 31, 2016 and 2015. We are filing this Form 10-K concurrently with our Form 10-Q for the quarters ended March 31, 2017, June 30, 2017, September 30, 2017, and March 31, 2018 which were delayed due to the restatement.

Accordingly, this Form 10-K includes changes to: (1) our Consolidated Balance Sheets as of December 31, 2016 and 2015, and the related Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Stockholders’ Equity and Consolidated Statements of Cash Flows for each of the fiscal years ended December 31, 2016 and 2015; (2) our Selected Financial Data as of, and for our fiscal years ended, December 31, 2016, 2015, 2014 and 2013, in Part II, Item 6 of this Form 10-K; (3) our Management’s Discussion and Analysis of Financial Condition and Results of Operations, as of, and for our fiscal years ended December 31, 2016 and 2015, in Part II, Item 7 of this Form 10-K; (4) our unaudited quarterly financial information for each quarter for our fiscal years ended December 31, 2016 and 2015 in Note 19 - Summary of Quarterly Results of Operations (Unaudited) of the Notes to Consolidated Financial Statements, in Part II, Item 8 of this Form 10-K; (5) our Risk Factors, in Item 1A of this Form 10-K; and (6) our disclosures and conclusions regarding Controls and Procedures in Part II, Item 9A of this Form 10-K. See below and Note 2 - Restatement of Previously Issued Consolidated Financial Statements of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for a detailed discussion of the changes made as a result of the restatement.

As a result of this restatement and associated non-reliance on previously issued financial information, we have become subject to a number of additional costs and risks, including unanticipated costs for accounting and legal fees in connection with or related to the restatement and the remediation of our ineffective disclosure controls and procedures and material weakness in internal control over financial reporting. Likewise, the attention of our management team has been diverted by these efforts. In addition, we could also be subject to additional shareholder, governmental, regulatory or other actions or demands in connection with the restatement or other matters. Any such proceedings will, regardless of the outcome, consume a significant amount of management’s time and attention and may result in additional legal, accounting, insurance and other costs. If we do not prevail in any such proceedings, we could be required to pay damages or settlement costs. In addition, the restatement and related matters could impair our reputation or could cause our customers, shareholders, or other counterparties to lose confidence in us. Any of these occurrences could have a material adverse effect on our business, results of operations, financial condition and stock price.

In connection with the restatement of our financial statements for the Relevant Periods, our management identified material weaknesses in our internal control over financial reporting, as described in Item 9A, “Control and Procedures” of this Form 10-K. A material weakness is a deficiency, or combination of deficiencies in internal controls over financial reporting that results in a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Further, management determined that control deficiencies existed with respect to certain aspects of our historical financial reporting and, accordingly, management has concluded that management's reports related to the effectiveness of internal and disclosure controls may not have been correct. We did not maintain effective internal control over financial reporting as of December 31, 2017 as set forth in Item 9A, "Controls and Procedures" of this Form 10-K.

The restatement of our previously issued consolidated financial statements has been time-consuming and expensive and could expose us to additional risks that would adversely affect our financial position, results of operations and cash flows as well as investor confidence in our Company and, as a result, the value of our common stock.

As described in the section entitled "Explanatory Note Regarding Restatement" preceding Part I, Item 1 and in *Note 2 - Restatement of Previously Issued Consolidated Financial Statements* of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K, we have restated our previously issued consolidated financial statements for the Relevant Periods. The restatement has been time-consuming and expensive and could expose us to a number of additional risks that would adversely affect our financial position, results of operations and cash flows as well as investor confidence in our Company and, as a result, the value of our common stock.

In particular, we have incurred, and continue to incur, significant expense, including audit, legal, consulting and other professional fees in connection with the restatement and the ongoing remediation of material weaknesses in our internal control over financial reporting. We have taken a number of steps that we have deemed appropriate and reasonable to strengthen our accounting function and reduce the risk of future restatements, including adding internal personnel and hiring outside consultants, as described in more detail in Item 9A. "Controls and Procedures" contained this Form 10-K. To the extent these steps are not successful, we may need to incur additional time and expense to address accounting issues that could arise in the future. Our management's attention has also been, and may further be, diverted from the operation of our business as a result of the time and attention required to address the ongoing remediation of material weaknesses in our internal controls.

In addition, we may be the subject of negative publicity and lack of confidence in our business as a result of the Restatement and related matters and may be adversely impacted by negative reactions from our shareholders, creditors, customers, suppliers, referral sources or other constituents important to our business. This negative publicity may impact our ability to attract and retain customers, employees and vendors. The occurrence of any of the foregoing could harm our business and reputation and adversely affect our financial position, results of operations and cash flows.

We are also subject to claims arising out of the misstatements contained in our previously issued financial statements. For additional information regarding this litigation, see Item 3. "Legal Proceedings" contained in this Form 10-K.

Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital, impacts our ability to obtain alternative financing and could have negative consequences under the terms of our existing credit agreements.

We did not file this Form 10-K or our Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2017, June 30, 2017, September 30, 2017 or March 31, 2018 within the timeframes required by the SEC. As a result of our late filings, we may be limited in our ability to access the public markets to raise debt or equity capital, which could prevent us from pursuing transactions or implementing business strategies that we believe would be beneficial to our business. We are ineligible to use shorter and less costly filings, such as Form S-3, or Form S-8, to register our securities for sale for a period of 12 months following the month in which we regain compliance with our SEC reporting obligations. We may be able to use Form S-1 to register a sale of our stock to raise capital or complete acquisitions, but doing so would likely increase transaction costs and adversely impact our ability to raise capital or complete acquisitions of other companies in a timely manner.

We have substantial indebtedness, and our failure to comply with the covenants and payment requirements of that indebtedness may subject us to increased interest expenses, lender consent and amendment costs or adverse financial consequences.

As of December 31, 2017, we had approximately $230.0 million in aggregate principal amount of our then outstanding issued $230.0 million aggregate principal amount of its 0.75% Convertible Senior Notes due in 2019 (the "2019 Notes"). To remedy issues we may encounter with meeting our debt obligations, or for other purposes, we may find it necessary to seek further refinancing of our indebtedness, and may do so with debt instruments that are more costly than our existing instruments (and which will rank senior to our equity securities), or we may issue additional equity securities which may dilute the ownership interests or value of our existing shareholders. These actions may decrease the value of our equity securities.

We received a notice of default from holders of more than 25% of the outstanding principal amount of the 2019 Notes on October 13, 2017. Based on the terms of the 2019 Notes, we were obligated to begin paying additional interest starting January 11, 2018 (the 90th day following our receipt of the notice of default).

On June 13, 2018, The Bank of New York Mellon ("BNY), in its capacity as trustee (the "Trustee") under the indenture dated as of August 12, 2014 (the "Indenture") governing the 2019 Notes, filed a verified complaint with the Court of Chancery of the State of Delaware (the "BNY Action"), alleging that an Event of Default under the Indenture has occurred as a result of our common stock ceasing to be listed or quoted on Nasdaq and that an Event of Default under the Indenture has occurred as a result of our failure to provide a notice of such Fundamental Change. We intend to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the BNY Action at this time, and we can give no assurance that the asserted claims will not have a material adverse effect on our financial position or results of operations. For additional information regarding this litigation, see Item 3. "Legal Proceedings" contained in this Form 10-K.

The restatement of our previously issued financial results may result in private litigation and could result in private litigation judgments that could have a material adverse impact on our results of operations and financial condition.

We are subject to stockholder derivative litigation relating to certain of our previous public disclosures. For additional discussion of this litigation, see Item 3. "Legal Proceedings" contained in this Form 10-K. Our management has been and may be required in the future to devote significant time and attention to this litigation, and this and any additional matters that arise could have a material adverse impact on our results of operations and financial condition as well as on our reputation. While we cannot estimate our potential exposure in these matters at this time, we have already incurred significant expense defending this litigation and expect to continue to need to incur significant expense in the defense. The existence of any litigation may have an adverse effect on our reputation with referral sources and our customers themselves, which could have an adverse effect on our results of operations and financial condition.

The restatement of our previously issued financial results could result in adverse determinations in litigation that could have a material adverse impact on our results of operations, financial condition, liquidity and cash flows.

We may be subject to securities class action litigation and shareholder demands relating to the restatement. For additional discussion of legal proceedings related to the restatement, see Item 3. "Legal Proceedings" of this Form 10-K. We could also become subject to other litigation, arising out of the misstatements in our previously issued financial statements. Our management may be required to devote significant time and attention to these matters, and these and any additional matters that arise could have a material adverse impact on our results of operations, financial condition, liquidity and cash flows. While we cannot estimate our potential exposure in these matters at this time, we expect to expend significant amounts of time and money defending the litigation.

We continue to incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to new and ongoing compliance initiatives.

We operate as a public company, and will continue to incur significant legal, accounting and other expenses as we comply with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act" or "SOX"), the Dodd-Frank Wall Street Reform and Consumer Protection Act and other public company disclosure and corporate governance requirements, as well as any new rules that may subsequently be implemented by the Securities and Exchange Commission and/or Nasdaq, the exchange on which our common stock is listed (Nasdaq: SNCR). These rules impose various requirements on public companies, including requirements related to disclosures, corporate governance and internal controls. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly and place significant strain on our personnel, systems and resources.

Our management and other personnel will continue to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, we expect these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In connection with the restatement of certain of our financial statements, our management identified material weaknesses in our internal control over financial reporting, as described more fully in Item 9A "Controls and Procedures" in this Form 10-K. We are continuing to refine our disclosure controls and other procedures and taken other remedial actions that are designed to ensure that the information that we are required to disclose in the reports that we will file with the Securities and Exchange Commission is properly recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. We are also continuing to improve our internal control over financial reporting, as described more fully in Item 9A "Controls and Procedures" in this Form 10-K. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting. Further, Section 404 of Sarbanes-Oxley requires that we include in our annual report our assessment of the effectiveness of our internal control over financial reporting and our audited financial statements as of the end of each fiscal year, which is included in Item 9A "Controls and Procedures" in this Form 10-K. Our continued compliance with Section 404 will require that we continue to incur substantial expense and expend significant management time on compliance related issues.

As described in Item 9A "Controls and Procedures" in this Form 10-K, we determined that we did not maintain effective internal control over financial reporting as of December 31, 2017 due to the existence of certain material weaknesses. Further, additional material weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop, remediate or maintain effective controls, or any difficulties encountered in their implementation, remediation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement, remediate and maintain effective internal control over financial reporting could also adversely affect the results of management reports and independent registered public accounting firm audits of our internal control over financial reporting that we will be required to include in our periodic reports that will be filed with the SEC. If we are unable to remediate identified material weaknesses or if we were to discover additional weaknesses or ineffective disclosure controls and procedures or internal control over financial reporting, our investors could lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our common stock. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to timely meet our regulatory reporting obligations.

Risks Related to Our Business and Industry

We recently consummated a number of significant transactions with respect to the strategic direction of our business. There can be no guarantee that this strategy will be successful or that we will experience consistent and sustainable profitability in the future as a result of our new strategy.

We have recently made a number of major announcements, including our divestiture of our activation exception handling business, which closed in December 2016, and our acquisition and subsequent divestiture of Intralinks during 2017. These transactions signify a pivot in our strategy to focus on our digital transformation, messaging and cloud businesses moving forward. In connection with the closing of our acquisition of Intralinks, we also appointed Ronald W. Hovsepian, the former President and Chief Executive Officer of Intralinks as our Chief Executive Officer. Mr. Hovsepian subsequently resigned in April 2017 and Stephen G. Waldis was re-appointed as our Chief Executive Officer. Mr. Glenn Lurie joined our Company in November 2017 as Chief Executive Officer and President and Mr. Waldis resigned as Chief Executive Officer and returned to his role as Executive Chairman of our Company.

We cannot guarantee that our strategy is the right one or that we will be effective in executing our strategy. Our strategy may not succeed for a number of reasons, including, but not limited to: general economic risks; execution risks with acquisitions; risks associated with sales not materializing based on a change in circumstances; disruption to sales; increasing competitiveness in the enterprise and mobile solutions markets; our ability to retain key personnel following acquisitions; the dynamic nature of the markets in which we operate; specific economic risks in different geographies and among different customer segments; changes in foreign currency exchange rates; uncertainty regarding increased business and renewals from existing customers; uncertainties around continued success in sales growth and market share gains; failure to convert sales pipeline into final sales; risks associated with successful implementation of multiple integrated software products and other product functionality risks; execution risks around new product development and introductions and innovation; product defects; unexpected costs, assumption of unknown liabilities and increased costs for any reason; potential litigation and disputes and the potential costs related thereto; distraction and damage to sales and reputation caused thereby; market acceptance of new products and services; the ability to attract and retain personnel; risks associated with management of growth; lengthy sales and implementation cycles, particularly in larger organizations; technological changes that make our products and services less competitive; risks associated with the adoption of, and demand for, our model in general and by specific customer segments; competition and pricing pressure.

If one or more of the foregoing risks were to materialize, our business, results of operations and ability to achieve sustained profitability could be adversely affected.

Our outstanding indebtedness and related obligations could adversely affect our financial condition and restrict our operating flexibility.

We have substantial debt and related obligations. In August 2014, we issued $230.0 million aggregate principal amount of the 2019 Notes. Our substantial level of debt and related obligations, including interest payments, covenants and restrictions, could have important consequences, including by:

- impairing our ability to invest in and successfully grow our business and make acquisitions;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, which could result in an event of default under the agreement governing the 2019 Notes;
- limiting our ability to obtain additional financing on satisfactory terms to fund our working capital requirements, capital expenditures, acquisitions, debt obligations and other general corporate requirements;
- hindering our ability to raise equity capital, because, in the event of a liquidation of our business, debt holders have priority over equity holders;
- increasing our vulnerability to general economic downturns, competition and industry conditions, which could place us at a competitive disadvantage compared to competitors that are less leveraged and are therefore we may be unable to take advantage of opportunities that our leverage prevents us from exploiting;
- imposing additional restrictions on the manner in which we conduct our business, including restrictions on our ability to pay dividends, incur additional debt and sell assets; and
- placing us at a possible disadvantage relative to less leveraged competitors and competitors that have better access to capital resources.

The occurrence of any one of these events could have an adverse effect on our business, financial condition, operating results or cash flows and ability to satisfy our obligations under our indebtedness. Our failure to comply with the covenants under the agreements governing the 2019 Notes, the approval by our stockholders to approve a plan or proposal for the liquidation or dissolution of our Company or our common stock ceasing to be listed or quoted on any of The New York Stock Exchange, The Nasdaq Global Select Market or The Nasdaq Global Market (or any of their respective successors) could result in an event of default and the acceleration of any debt then outstanding under the 2019 Notes, as the case may be. Any declaration of an event of default could significantly harm our business and prospects and could cause our stock price to decline. Insufficient funds may require us to delay, scale back or eliminate some or all of our activities.

We received a notice of default from holders of more than 25% of the outstanding principal amount of the 2019 Notes on October 13, 2017. Based on the terms of the 2019 Notes, we were obligated to begin paying additional interest starting January 11, 2018 (the 90th day following our receipt of the notice of default).

On June 13, 2018, the Trustee under the Indenture filed. the BNY Action. The BNY Action complaint alleges that a “Fundamental Change” has occurred under the Indenture as a result of our common stock ceasing to be listed or quoted on Nasdaq and that an Event of Default under the Indenture has occurred as a result of our failure to provide a notice of such Fundamental Change, which, if true, following notice from holders of more than 25% of the outstanding principal under the Notes would trigger the acceleration of the principal and interest outstanding under the 2019 Notes. For additional information regarding this litigation, see Item 3. “Legal Proceedings” contained in this Form 10-K.

In addition, the Indenture issued in connection with the 2019 Notes has a change in control provision that provides that, upon the occurrence of a change in control, the 2019 Notes shall become due and payable.

We intend to reserve from time to time a certain amount of cash in order to satisfy the obligations relating to our debt, which could adversely affect the amount or timing of investments to grow our business.

The 2019 Notes are unsecured debt and are not redeemable by us prior to the maturity date. Holders of the 2019 Notes may require us to purchase all or any portion of their 2019 Notes at 100% of their principal amount, plus any unpaid interest, upon a fundamental change, change, which is generally defined to include a merger, liquidation or dissolution involving us or our common stock ceasing to be listed or quoted on the New York Stock Exchange or Nasdaq.

We intend to reserve from time to time a certain amount of cash in order to satisfy these obligations relating to the 2019 Notes, which could materially affect the amount or timing of any investments to grow our business. If any or all of the 2019 Notes are not converted into shares of our common stock before the maturity date, we will have to pay the holders the full aggregate principal amount of the 2019 Notes then outstanding. Any of the above payments could have a material adverse effect on our cash position. If we fail to satisfy these obligations, it may result in a default under the Indenture, which could result in a default under certain of our other debt instruments, if any. Any such default would harm our business and the price of our securities could fall. As discussed above, a litigation is currently pending respecting the alleged occurrence of an Event of Default as defined in the Indenture. For additional information regarding this litigation, see Item 3. “Legal Proceedings” contained in this Form 10-K.

Our business may not generate sufficient cash flows from operations or future borrowings from institutional creditors or from other sources may not be available to us in amounts sufficient to enable us to repay our indebtedness or to fund our other liquidity needs, including capital expenditure requirements and share repurchase programs announced from time to time.

We cannot guarantee that we will be able to generate sufficient revenue or obtain enough capital to service our debt, fund our planned capital expenditures, and execute on our new business strategy. We may be more vulnerable to adverse economic conditions than less leveraged competitors and thus less able to withstand competitive pressures. Any of these events could reduce our ability to generate cash available for investment or debt repayment or to make improvements or respond to events that would enhance profitability. If we are unable to service or repay our debt when it becomes due, our lenders could seek to accelerate payment of all unpaid principal and foreclose on our assets, and we may have to take actions such as selling assets, seeking additional equity investments or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. Additionally, we may not be able to take these types of actions, if necessary, on commercially reasonable terms, or at all. The occurrence of any of these events would have a material adverse effect on our business, results of operations and financial condition.

If we fail to compete successfully with existing or new competitors, our business could be harmed.

If we fail to compete successfully with established or new competitors, it could have a material adverse effect on our results of operations and financial condition. The communications and enterprise industries are highly competitive and fragmented, and we expect competition to increase. We compete with independent providers of information systems and services and with the in-house departments of our OEMs and communications services companies’ customers. Rapid technological changes, such as advancements in software integration across multiple and incompatible systems, and economies of scale may make it more economical for CSPs, MSOs or OEMs to develop their own in-house processes and systems, which may render some of our products and services less valuable or, eventually, obsolete. Our competitors include firms that provide comprehensive information systems and managed services solutions, BYOD providers, systems integrators, clearinghouses and service bureaus. Many of our competitors have long operating histories, large customer bases, substantial financial, technical, sales, marketing and other resources and strong name recognition.

Current and potential competitors have established, and may establish in the future, cooperative relationships among themselves or with third parties to increase their ability to address the needs of our current or prospective customers. In addition, our competitors have acquired, and may continue to acquire in the future, companies that may enhance their market offerings. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than us to new or emerging technologies and changes in customer requirements and may be able to devote greater resources to the promotion and sale of their products. These relationships and alliances may also result in transaction pricing pressure, which could result in large reductions in the selling prices of our products and services. Our competitors or our customers’ in-house solutions may also provide services at a lower cost, significantly increasing pricing pressure on us. We may not be able to offset the effects of this potential pricing pressure. Our failure to adapt to changing market conditions and to compete successfully with established or new competitors may have a material adverse effect on our results of operations and financial condition. In particular, a failure to offset competitive pressures brought about by competitors or in-house solutions developed by our customers could result in a substantial reduction in or the outright termination of our contracts with some of our customers, which would have a significant, negative and material impact on our business.

The markets in which we market and sell our products and services are highly competitive, and if we do not adapt to rapid technological change, we could lose customers or market share, which could adversely affect our achievement of revenue growth.

The industries we serve are characterized by rapid technological change and frequent new service offerings and are highly competitive with respect to the need for innovation. Significant technological changes could make our technology and services obsolete, less marketable or less competitive. We must adapt to these rapidly changing markets by continually improving the features, functionality, reliability and responsiveness of our products and services, and by developing new features, services and applications to meet changing customer needs and further address the markets we serve. Our ability to take advantage of opportunities in the markets we serve may require us to invest in development and incur other expenses well in advance of our ability to generate revenues from these offerings or services. We may not be able to adapt to these challenges or respond successfully or in a cost-effective way. Our failure to do so would adversely affect our ability to compete and retain customers and/or market share and could adversely affect our achievement of revenue growth. In addition, as we expand our service offerings, we may face competition from new and existing competitors. It is also possible that our customers could decide to create, invest in or collaborate in the creation of competitive products that might limit or reduce their need for our products, services and solutions. Further, we may experience delays in the development of one or more features of our offerings, which could materially reduce the potential benefits to us providing these services. In addition, our present or future service offerings may not satisfy the evolving needs of the industry in which we operate. If we are unable to anticipate or respond adequately to these evolving market needs, due to resource, technological or other constraints, our business and results of operations could be harmed. In addition, the arrival of new market entrants could reduce the demand for our services or cause us to reduce our pricing, resulting in a loss of revenue and adversely affecting our business, results of operations and financial condition. Also, the use of internal technologies, developed by our customers or their advisers, could reduce the demand for our services, result in pricing pressures or cause a reduction in our revenue. If we fail to manage these challenges adequately, our business, results of operations and financial condition could be adversely affected.

The success of our business depends on our ability to achieve or sustain market acceptance of our services and solutions at desired pricing levels.

Our competitors and customers may cause us to reduce the prices we charge for our services and solutions. Our current or future competitors may offer our customers services at reduced prices or bundling and pricing services in a manner that may make it difficult for us to compete. Customers with a significant volume of transactions may attempt to use this leverage in pricing negotiations with us. Also, if our prices are too high, current or potential customers may find it economically advantageous to handle certain functions internally instead of using our services. We may not be able to offset the effects of any price reductions by increasing the number of transactions we handle or the number of customers we serve, by generating higher revenue from enhanced services or by reducing our costs. If these or other sources of pricing pressure cause us to reduce the pricing of our service or solutions below desirable levels, our business and results of operations may be adversely affected.

If we do not continue to improve our operational, financial and other internal controls and systems to manage our growth and size, our business, results of operations and financial condition could be adversely affected.

Our historic and anticipated growth will continue to place significant demands on our management and other resources and will require us to continue to develop and improve our operational, financial and other internal controls. In particular, our growth will increase the challenges involved in:

- recruiting, training and retaining technical, finance, marketing and management personnel with the knowledge, skills and experience that our business model requires;
- maintaining high levels of customer satisfaction;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems;
- preserving our culture, values and entrepreneurial environment; and
- effectively managing our personnel and operations and effectively communicating to our personnel worldwide our core values, strategies and goals.

In addition, the increasing size and scope of our operations increase the possibility that a member of our personnel will engage in unlawful or fraudulent activity, breach our contractual obligations, or otherwise expose us to unacceptable business risks, despite our efforts to train our people and maintain internal controls to prevent such instances. If we do not continue to develop and implement the right processes and tools to manage our enterprise, our business, results of operations and financial condition could be adversely affected.

Technology drives our products and services. If we fail to keep pace with technological advances in the industry, or if we pursue technologies that do not become commercially accepted, customers may not buy our products or use our services.

The telecommunications industry uses numerous and varied technologies, and large service providers often invest in several and, sometimes, incompatible technologies. The industry also demands frequent and, at times, significant technology upgrades. Furthermore, enhancing our services revenues requires that we develop and maintain leading tools. We will not have the resources to invest in all of these existing and potential technologies. As a result, we concentrate our resources on those technologies that we believe have or will achieve substantial customer acceptance and in which we will have appropriate technical expertise. However, existing products often have short product life cycles characterized by declining prices over their lives. In addition, our choices for developing technologies may prove incorrect if customers do not adopt the products that we develop or if those technologies ultimately prove to be unviable. Our revenues and operating results will depend, to a significant extent, on our ability to maintain a product portfolio and service capability that is attractive to our customers; to enhance our existing products; to continue to introduce new products successfully and on a timely basis and to develop new or enhance existing tools for our services offerings.

The development of new technologies remains a significant risk to us, due to the efforts that we still need to make to achieve technological feasibility, due to rapidly changing customer markets; and due to significant competitive threats.

Our failure to bring these products to market in a timely manner could result in a loss of market share or a lost opportunity to capitalize on new markets for emerging technologies and could have a material adverse impact on our business and operating results.

The success of our business depends on the continued growth in demand for connected devices and the continued availability of high-speed access to the Internet.

The future success of our business depends upon the continued growth in demand for connected devices and business transactions on the Internet, and on our customers having high-speed access to the Internet, as well as the continued maintenance and development of the Internet infrastructure. While we believe the market for connected devices will continue to grow for the foreseeable future, we cannot accurately predict the extent to which demand for connected devices will increase, if at all and the ability to attract consumers who have historically purchased wireless services and devices through traditional retail stores. If the demand for connected devices were to slow down or decline, our business and results of operations may be adversely affected. If for any reason the Internet does not remain a widespread communications medium and commercial platform, the demand for our services would be significantly reduced, which would harm our business, results of operations and financial condition.

To the extent the Internet continues to experience increased numbers of users, frequency of use or bandwidth requirements, the Internet may become congested and be unable to support the demands placed on it, and its performance or reliability may decline. Any future Internet outages or delays could adversely affect our business, results of operation and financial condition.

Our business growth would be impeded if the performance or perception of the Internet was harmed by security problems such as “viruses,” “worms” or other malicious programs, reliability issues arising from outages and damage to Internet infrastructure, delays in development or adoption of new standards and protocols to handle increased demands of Internet activity, increased costs, decreased accessibility and quality of service, or increased government regulation and taxation of Internet activity. The Internet has experienced, and is expected to continue to experience, significant user and traffic growth, which has, at times, caused user frustration with slow access and download times. If Internet activity grows faster than Internet infrastructure or if the Internet infrastructure is otherwise unable to support the demands placed on it, or if hosting capacity becomes scarce, the growth of our business may be adversely affected.

Though acceptance of cloud-based software has advanced in recent years, some businesses may still be hesitant to adopt these types of solutions.

Our cloud-based service strategy may not be successful. We enable our customers to offer their subscribers the ability to backup, restore and share content across multiple devices through a cloud-based environment. Some businesses may still be uncertain as to whether a cloud-based service like ours is appropriate for their business needs. The success of our offerings is dependent upon continued acceptance by and growth in subscribers of cloud-based services in general and there can be no guarantee of the adoption rate by these subscribers. Many organizations have invested substantial personnel and financial resources to integrate traditional enterprise software into their organizations and, therefore, may be reluctant or unwilling to migrate to a cloud-based model for storing, accessing, sharing and managing their content. Because we derive, and expect to continue to derive, a substantial portion of our revenue and cash flows from sales of our cloud-based solutions, our success will depend to a substantial extent on the widespread adoption of cloud computing for companies in general. Our cloud strategy will continue to evolve, and we may not be able to compete effectively, generate significant revenues or maintain profitability. While we believe our expertise, investments in infrastructure, and the breadth of our cloud-based services provides us with a strong foundation to compete, it is uncertain whether our strategies will attract the users or generate the revenue required to be successful. In addition to software development costs, we incur costs to build and maintain infrastructure to support cloud-based services. It is difficult to predict customer adoption rates and demand for our services, the future growth rate and size of the cloud computing market or the entry of competitive services. The expansion of a cloud-based enterprise software market depends on a number of factors, including the cost, performance and perceived value associated with cloud computing, as well as the ability of companies that provide cloud-based services to address security and privacy concerns. If we or other providers of cloud-based services experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for cloud-based services as a whole, including our services, may be negatively affected. If there is a reduction in demand for cloud-based services caused by a lack of customer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, we could experience decreased revenue, which could harm our growth rates and adversely affect our business and operating results.

Government regulation of the Internet and e-commerce and of the international exchange of certain information is subject to possible unfavorable changes, and our failure to comply with applicable regulations could harm our business and operating results.

As Internet commerce continues to evolve, increasing regulation by federal, state, local and foreign governments becomes more likely. For example, we believe increased regulation is likely in the area of data privacy. Further, laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information could affect our customers' ability to use and share data, potentially reducing demand for our products and services. In addition, taxation of products and services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may also be imposed. Any regulation imposing greater fees for Internet use or restricting the exchange of information over the Internet could result in reduced growth or a decline in the use of the Internet and could diminish the viability of our Internet-based services, which could harm our business and operating results.

Our business depends substantially on customers renewing and expanding their subscriptions for our services. Any decline in our customer renewals and expansions would harm our future operating results.

We enter into subscription agreements with certain of our customers that are generally one to two years in length. As a result, maintaining the renewal rate of those subscription agreements is critical to our future success. We cannot provide assurance that any of our customer agreements will be renewed, as our customers have no obligation to renew their subscriptions for our services after the expiration of the initial term of their agreements. The loss of any customers that individually or collectively account for a significant amount of our revenues would have a material adverse effect on our results of operations or financial condition. If our renewal rates are lower than anticipated or decline for any reason, or if customers renew on terms less favorable to us, our revenue may decrease, and our profitability and gross margin may be harmed, which would have a material adverse effect on our business, results of operations and financial condition.

If we do not maintain the compatibility of our services with third-party applications that our customers use in their business processes or if we fail to adapt our services to changes in technology or the marketplace, demand for our services could decline.

Our solutions can be used alongside a wide range of other systems such as email and enterprise software systems used by our customers in their businesses. If we do not support the continued integration of our products and services with third-party applications, including through the provision of application programming interfaces that enable data to be transferred readily between our services and third-party applications, demand for our services could decline and we could lose sales or experience declining renewal rates. We will also be required to make our products and services compatible with new or additional third-party applications that are introduced to the markets that we serve and, if we are not successful, we could experience reduced demand for our services. In addition, prospective customers, especially large enterprise customers, may require heavily customized features and functions unique to their business processes. If prospective customers require customized features or functions that we do not offer and that would be difficult for them to develop and integrate within our services, then the market for our products and services may be adversely affected.

We may not currently or in the future appropriately leverage advances in technology to achieve or sustain a competitive advantage in products, services, information and processes. Our customers and users regularly adopt new technologies and industry standards continue to evolve. The introduction of products or services and the emergence of new industry standards can render our existing services obsolete and unmarketable in short periods of time. We expect others to continue to develop, introduce new and enhance existing products and services that will compete with our services. Our future success will depend, in part, on our ability to enhance our current services and to develop and introduce new services that keep pace with technological developments, emerging industry standards and the needs of our customers. We cannot assure that we will be successful in cost-effectively developing, marketing and selling new services or service enhancements that meet these changing demands on a timely basis, that we will not experience difficulties that could delay or prevent the successful development, introduction and marketing of these services, or that our new service and service enhancements will adequately meet the demands of the marketplace and achieve market acceptance. We also cannot assure that the features that we believe will drive purchasing decisions will in fact be the features that our potential customers consider most significant.

Our revenue, earnings and profitability are affected by the length of our sales cycle, and a longer sales cycle could adversely affect our results of operations and financial condition.

Our business is directly affected by the length of our sales cycles. Our customers' businesses are relatively complex and their purchase of the types of services that we offer generally involve a significant financial commitment, with attendant delays frequently associated with large financial commitments and procurement procedures within an organization. In addition, as we continue to further penetrate the enterprise and the size and complexity of our sales opportunities continue to expand, we have seen an increase in the average length of time in our sales cycles. The purchase of the types of services that we offer typically also requires coordination and agreement across many departments within a potential customer’s organization. Delays associated with such timing factors could have a material adverse effect on our results of operations and financial condition. In periods of economic slowdown our typical sales cycle lengthens, which means that the average time between our initial contact with a prospective customer and the signing of a sales contract increases. The lengthening of our sales cycle could reduce growth in our revenue. In addition, the lengthening of our sales cycle contributes to an increased cost of sales, thereby reducing our profitability.

We traditionally have had substantial customer concentration, with a limited number of customers accounting for a substantial portion of our revenues.

Our top five customers accounted for 72% for the year ended December 31, 2017 compared to 74% for the year ended December 31, 2016. Of these customers, Verizon accounted for more than 10% of our revenues in 2017. There are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of customers.

It is not possible for us to predict the future level of demand for our services that will be generated by these customers or the future demand for the products and services of these customers in the end-user marketplace. In addition, revenues from these larger customers may fluctuate from time to time based on the commencement and completion of projects, the timing of which may be affected by market conditions or other factors, some of which may be outside of our control. Further, some of our contracts with these larger customers permit them to terminate our services at any time (subject to notice and certain other provisions). If any of our major customers experience declining or delayed sales due to market, economic or competitive conditions, we could be pressured to reduce the prices we charge for our services or we could lose the customer. Any such development could have an adverse effect on our margins and financial position and would negatively affect our revenues and results of operations and/or trading price of our common stock.

Our revenue for a particular period may be difficult to predict, and a shortfall in revenue may harm our operating results.

As a result of a variety of factors discussed in this report, our revenue for a particular quarter is difficult to predict, especially in light of a challenging and inconsistent global macroeconomic environment and related market uncertainty. Our revenue may grow at a slower rate than in past periods or decline as it has in the past on a year-over-year basis. Our ability to meet financial expectations could also be adversely affected if the nonlinear sales pattern seen in some of our past quarters recurs in future periods.

The timing of large orders can also have a significant effect on our business and operating results from quarter to quarter. From time to time, we receive large orders that have a significant effect on our operating results in the period in which the order is recognized as revenue. The timing of such orders is difficult to predict, and the timing of revenue recognition from such orders may affect period to period changes in revenue. As a result, our operating results could vary materially from quarter to quarter based on the receipt of such orders and their ultimate recognition as revenue.

We plan our operating expense levels based primarily on forecasted revenue levels. These expenses and the impact of long-term commitments are relatively fixed in the short term. A shortfall in revenue could lead to operating results being below expectations because we may not be able to quickly reduce these fixed expenses in response to short-term business changes.

Any of the above factors could have a material adverse impact on our operations and financial results.

If we do not meet our revenue forecasts, we may be unable to reduce our expenses in a timely fashion to avoid or minimize harm to our results of operations.

Our revenues are difficult to forecast and are likely to fluctuate significantly from period to period, particularly as we continue to implement our business strategy. We base our operating expense and capital investment budgets on expected sales and revenue trends, and many of our expenses, such as office and equipment leases and personnel costs, will be relatively fixed in the short term and will increase over time as we make investments in our business. Our estimates of sales trends may not correlate with actual revenues in a particular quarter or over a longer period of time. Variations in the rate and timing of conversion of our sales prospects into sales and actual revenues could cause us to plan or budget inaccurately and those variations could adversely affect our financial results. In particular, delays, reductions in amount or cancellation of customers’ contracts would adversely affect the overall level and timing of our revenues, and our business, results of operations and financial condition could be harmed. Due to the relatively fixed nature of many of our expenses, we may be unable to adjust spending quickly enough to offset any unexpected revenue shortfall. In the course of our sales to customers, we may encounter difficulty collecting accounts receivable and could be exposed to risks associated with uncollectible accounts receivable. In the event we are unable to collect on our accounts receivable, it could negatively affect our cash flows, operating results and business.

Because we recognize revenue for certain of our products and services ratably over the term of our customer agreements, downturns or upturns in the value of signed contracts will not be fully and immediately reflected in our operating results.

We offer certain of our products and services primarily through fixed or variable commitment contracts and recognize revenue ratably over the related service period, which typically ranges from twelve to twenty-four months. As a result, some portion of the revenue we report in each quarter is revenue from contracts entered into during prior periods. Consequently, a decline in signed contracts in any quarter will not be fully and immediately reflected in revenue for that quarter, but may instead negatively affect our revenue in future quarters. In addition, we may be unable to adjust our cost structure to offset this reduced revenue. Similarly, revenue attributable to an increase in contracts signed in a particular quarter will not be fully and immediately recognized, as revenue from new or renewed contracts is recognized ratably over the applicable service period. Because we incur certain sales costs at the time of sale, we may not recognize revenues from some customers despite incurring considerable expense related to our sales processes. Timing differences of this nature could cause our margins and profitability to fluctuate significantly from quarter to quarter.

Our offerings of new services or products may be subject to complex revenue recognition standards, which could materially affect our financial results.

As we introduce new services or products, revenue recognition could become increasingly complex and require additional analysis and judgment. Additionally, for new contracts with existing customers, we may negotiate and revise previously used terms and conditions of our contracts with these customers and channel partners, which may also cause us to revise our revenue recognition policies. As our arrangements with customers change, we may be required to defer a greater portion of revenue into future periods, which could materially and adversely affect our financial results.

Failure to maintain the confidentiality, integrity and availability of our systems, software and solutions could seriously damage our reputation and affect our ability to retain customers and attract new business.

Maintaining the confidentiality, integrity and availability of our systems, software and solutions is an issue of critical importance for us and for our customers and users who rely on our systems to store and exchange large volumes of information, much of which is proprietary and confidential. There appears to be an increasing number of individuals, governments, groups and computer "hackers" developing and deploying a variety of destructive software programs (such as viruses, worms and other malicious software) that could attack our computer systems or solutions or attempt to infiltrate our systems. We make significant efforts to maintain the confidentiality, integrity and availability of our systems, solutions and source code. Despite significant efforts to create security barriers, it is virtually impossible for us to mitigate this risk entirely because techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not recognized until launched against a target. Like all software solutions, our software is vulnerable to these types of attacks. An attack of this type could disrupt the proper functioning of our software solutions, cause errors in the output of our customers' work, allow unauthorized access to sensitive, proprietary or confidential information of ours or our customers and other destructive outcomes. If an actual or perceived breach of our security were to occur, our reputation could suffer, customers could stop buying our solutions and we could face lawsuits and potential liability, any of which could cause our financial performance to be negatively impacted. Though we maintain professional liability insurance that may be available to provide coverage if a cybersecurity incident were to occur, there can be no assurance that insurance coverage will be available or that available coverage will be sufficient to cover losses and claims related to any cybersecurity incidents we may experience.

There is also a danger of industrial espionage, cyber-attacks, misuse or theft of information or assets (including source code), or damage to assets by people who have gained unauthorized access to our facilities, systems or information, which could lead to the disclosure of portions of our source code or other confidential information, improper usage and distribution of our solutions without compensation, illegal or inappropriate usage of our systems and solutions, jeopardizing of the security of information stored in and transmitted through our computer systems, manipulation and destruction of data, defects in our software and downtime issues. Although we actively employ measures to combat unlicensed copying, access and use of our facilities, systems, software and intellectual property through a variety of techniques, preventing unauthorized use or infringement of our rights is inherently difficult. The occurrence of an event of this nature could adversely affect our financial results or could result in significant claims against us for damages. Further, participating in either a lawsuit to protect against unauthorized access to, usage of or disclosure of any of our solutions or any portion of our source code or the prosecution of an individual in connection with a cybersecurity breach could be costly and time-consuming and could divert management's attention and adversely affect the market's perception of us and our solutions.

A number of core processes, such as software development, sales and marketing, customer service and financial transactions, rely on our IT, infrastructure and applications. Defects or malfunctions in our IT infrastructure and applications could cause our service offerings not to perform as our customers expect, which could harm our reputation and business. In addition, malicious software, sabotage and other cybersecurity breaches of the types described above could cause an outage of our infrastructure, which could lead to a substantial denial of service and ultimately downtimes, recovery costs and customer claims, any of which could have a significant negative impact on our business, financial position, profit and cash flows.

The confidentiality, integrity and availability of our systems could also be jeopardized by a breach of our internal controls and policies by our employees, consultants or subcontractors having access to our systems. If our systems fail or are breached as a result of a third-party attack or an error, violation of internal controls or policies or a breach of contract by an employee, consultant or subcontractor that results in the unauthorized use or disclosure of proprietary or confidential information or customer data (including information about the existence and nature of the projects and transactions our customers are engaged in), we could lose business, suffer irreparable damage to our reputation and incur significant costs and expenses relating to the investigation and possible litigation of claims relating to such event. We could be liable for damages, penalties for violation of applicable laws or regulations and costs for remediation and efforts to prevent future occurrences, any of which liabilities could be significant. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. We also cannot assure that our existing general liability insurance coverage, coverage for errors and omissions and cyber liability insurance will continue to be available on acceptable terms in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, litigation, regardless of its outcome, could result in a substantial cost to us and divert management's attention from our operations. Any significant claim against us or litigation involving us could have a material adverse effect on our business, financial condition and results of operations.

We have implemented a number of security measures designed to ensure the security of our information, IT resources and other assets. Nonetheless, unauthorized users could gain access to our systems through cyber attacks and steal, use without authorization and sabotage our intellectual property and confidential data. Any security breach, misuse of our IT systems or theft of our or our customers' intellectual property or data could lead to customer losses, non-renewal of customer agreements, loss of production, recovery costs or litigation brought by customers or business partners, any of which could adversely impact our cash flows and reputation and could have an adverse impact on our disclosure controls and procedures.

Undetected errors or failures found in our products and services may result in loss of or delay in market acceptance of our products and services that could seriously harm our business.

Our products and services may contain undetected errors or scalability limitations at any point in their lives, but particularly when first introduced or as new versions are released. We frequently release new versions of our products and different aspects of our platforms are in various stages of development. Despite testing by us and by current and potential customers, errors may not be found in new products and services until after commencement of commercial availability or use, resulting in a loss of or a delay in market acceptance, damage to our reputation, customer dissatisfaction and reductions in revenues and margins, any of which could seriously harm our business. Additionally, our agreements with customers that attempt to limit our exposure to liability claims may not be enforceable in jurisdictions where we operate, particularly in certain markets outside the United States.

Many of our current and planned products are highly complex and may contain defects or errors that are detected only after deployment in telecommunications networks. If that occurs, our reputation may be harmed.

Our products are highly complex, and we cannot assure customers that our extensive product development, production and integration testing is, or will be, adequate to detect all defects, errors, failures and quality issues that could affect customer satisfaction or result in claims against us. As a result, we might have to replace certain components and/or provide remediation in response to the discovery of defects in products that have been supplied to customers.

The occurrence of any defects, errors, failures or quality issues could result in cancellation of orders, product returns, diversion of our resources, legal actions by customers or customers' end users and other losses to us or to our customers or end users. These occurrences could also result in the loss of or delay in market acceptance of our products, in the loss of sales, or in the need to create provisions, which would harm our business and adversely affect our revenues and profitability.

Compliance with changing data protection and European privacy laws could require us to incur significant costs or experience significant business disruption and failure to so comply could result in an adverse impact on our business.

Our solutions provide our customers, for example, with access to websites to conduct e-commerce transactions or access to important data and central locations where they can post information and make it accessible to other parties they authorize. In connection with offering our solutions to customers and their invited guests, we collect user information related to the individuals who access our software solutions and personal data about our and our affiliates' employees in the European Union ("EU").

EU Directive 95/46/EC (the "Directive"), which covers the protection of the processing of personal data about individuals and on the free movement of such data, has required European Union member states to implement data protection laws to meet the strict privacy requirements of the Directive. Among other requirements, the Directive has regulated transfers of personal data that is subject to the Directive, ("Personal Data") to countries, outside the European Economic Area, (the "EEA"), that have not been found to provide adequate protection to such Personal Data. We have in the past relied upon adherence to the U.S. Department of Commerce's Safe Harbor Privacy Principles and compliance with the U.S.-EU Safe Harbor Framework as agreed to and set forth by the U.S. Department of Commerce and the European Union (the "Safe Harbor Framework"), which established a means for legitimating the transfer of Personal Data by data controllers in the EEA to the United States. However, as a result of the October 6, 2015 European Union Court of Justice, ("ECJ") opinion in Case C-362/14 (Schrems v. Data Protection Commissioner) the Safe Harbor Framework was struck down as a valid method of compliance with requirements set forth in the Directive (and member states' implementations thereof) regarding the transfer of Personal Data outside of the EEA.

The successor to the Safe Harbor Framework, the EU-US Privacy Shield Framework (the "Privacy Shield"), was adopted in July 2016. We certified to the Privacy Shield in October 2016. The adequacy of the Privacy Shield, however, is currently being challenged in European courts. We cannot be assured that the Privacy Shield will not follow the path of the Safe Harbor Framework and as such we will continue to face uncertainty as to whether our efforts to comply with our current obligations related to the transfer of Personal Data under European privacy laws will be sufficient. If we are investigated by a European data protection authority, we may face fines and other penalties. Any such investigation or charges by European data protection authorities could have a negative effect on our existing business and on our ability to attract and retain new customers.

We have undertaken efforts to conform transfers of Personal Data from the EEA based on current regulatory obligations, the guidance of data protection authorities and evolving best practices. Despite these efforts, including pursuant to the General Data Protection Regulation ("GDPR"), we may be unsuccessful in establishing conforming means of transferring such data from the EEA, including due to ongoing legislative activity, which may vary the current data protection landscape.

Effective as of May 25, 2018, the Directive (and member states' implementations thereof) was replaced by the requirements of Regulation (EU) 2016/679, the GDPR. The GDPR re-defines what information is considered to be Personal Data and applies to any company established in the EU, as well as companies outside the EU that collect and use Personal Data in connection with offering goods or services to individuals in the EU or that monitor the behavior or EU residents (for example, through monitoring of online activities). The GDPR increases data protection obligations for data processors and data controllers, including, for example, by imposing: specific and expanded disclosure obligations about how we may use Personal Data; limitations on how much information we can collect and for how long it can be retained; contract requirements with our data processing partners, even for existing relationships; requirements regarding our accountability and transparency related to Personal Data; and our mandatory data breach notification requirements. Given the breadth and depth of changes in these data protection and privacy obligations, our preparations to meet the GDPR's requirements requires a significant expenditure of time and resources, including reviewing the technologies, systems and procedures that we currently use against the GDPR's requirements. We have worked with a third party to assist us in undertaking a data protection review, and implementing any remedial changes designed to ensure GDPR compliance.

The GDPR expands the scope of direct liability to both data controllers and data processors. Depending on the nature of the violation, non-compliance could result in fines of up to €20 million or 4% of our total worldwide annual turnover, whichever is higher. Under the GDPR, supervisory data protection authorities can also conduct audits, issue warnings and public censures, and order the temporary or permanent suspension of data transfers and/or data processing activities (that is, our business as it relates to EU data subjects would be shut down). Also, EU data subjects may seek enforcement of their individual rights through a supervisory authority or through a judicial remedy in national court. In addition to this private right of action for individuals, the GDPR also provides that data subjects may claim through the EU equivalent of consumer class actions.

Separate from the GDPR, there are other EU laws and regulations (and member states' implementations thereof) that apply to the protection of consumers and electronic communications and that are also evolving, which may apply to our businesses. For instance, the current European laws that cover the use of cookies and similar technology and marketing online or by electronic means are under reform. A draft of the new ePrivacy Regulation extends the strict opt-in marketing rules (with limited exceptions for business-to-business communications), alters rules on third-party cookies, web beacons and similar technology and significantly increases penalties. We cannot yet determine the impact such future laws, regulations and standards may have on our business. Such laws and regulations are often subject to differing interpretations and may be inconsistent among jurisdictions.

We may incur substantial expense in attempting to comply with the new obligations imposed by the GDPR and we may be required to make significant changes in our business operations and product and services development, all of which may adversely affect our revenues and our business.

We may also experience hesitancy, reluctance or refusal by European or multi-national customers to continue to use our services due to the potential risk exposure that these customers might face as a result the current or future data protection obligations imposed on them by certain data protection authorities. These customers may also view any alternative approaches to compliance as being too costly, too burdensome, too legally uncertain or otherwise objectionable and therefore decide not to do business with us.

We and our customers are at risk of enforcement actions taken by certain EU data protection authorities until such time as we may be able to ensure that all transfers of Personal Data to us from the EEA, and our use, disclosure and retention of such Personal Data are conducted in compliance with all applicable regulatory obligations, the guidance of data protection authorities and evolving best practices. We may find it necessary to establish additional or different physical, technical or administrative procedures or systems to maintain Personal Data originating from the EU in the EEA, which may involve substantial expense and may cause us to need to divert resources from other aspects of our business, all of which may adversely affect our business. As a result, we may be required to make significant changes in our business operations, all of which may adversely affect our revenues and our business overall.

Compromises to our privacy safeguards or disclosure of confidential information could impact our reputation.

Names, addresses, telephone numbers, credit card data and other personal identification information, ("PII") are collected, processed and stored in our systems. Our treatment of this kind of information is subject to contractual restrictions and federal, state and foreign data privacy laws and regulations. We have implemented steps designed to protect against unauthorized access to such information and comply with these laws and regulations. Because of the inherent risks and complexities involved in protecting this information, the steps we have taken to protect PII may not be sufficient to prevent the misappropriation or improper disclosure of such PII. If misappropriation or disclosure of PII were to occur, our business could be harmed through reputational injury, litigation and possible damages claimed by the affected end customers, including in some cases costs related to customer notification and fraud monitoring, or potential fines from regulatory authorities. We may need to incur significant costs or modify our business practices and/or our services in order to comply with these data privacy and protection laws and regulations in the future. Even the mere perception of a security breach or inadvertent disclosure of PII could adversely affect our business and results of operations. In addition, third party vendors that we engage to perform services for us may unintentionally release PII or otherwise fail to comply with applicable laws and regulations. Our insurance may not cover potential claims of this type or may not be adequate to cover all costs incurred in defense of potential claims or to indemnify us for all liability that may be imposed. Concerns about the security of online transactions and the privacy of PII could deter consumers from transacting business with us on the Internet. The occurrence of any of these events could have an adverse effect on our business, financial position, and results of operations.

Downgrades in our credit ratings may increase our future borrowing costs, limit our ability to raise capital, cause our stock price to decline or reduce analyst coverage, any of which could have a material adverse impact on our business.

Credit rating agencies review their ratings periodically and, therefore, the credit rating assigned to us by each of the rating agencies may be subject to revision at any time. Factors that can affect our credit ratings include changes in our operating performance, the economic environment, our financial position, conditions in and periods of disruption in any of our principal markets and changes in our business strategy. If weak financial market conditions or competitive dynamics cause any of these factors to deteriorate, we could see a reduction in our corporate credit rating. Since investors, analysts and financial institutions often rely on credit ratings to assess a company's creditworthiness and risk profile, make investment decisions and establish threshold requirements for investment guidelines, our ability to raise capital, our access to external financing, our ability to refinance our indebtedness, our stock price and analyst coverage of our stock could be negatively impacted by a downgrade to our credit rating.

Changes in laws, regulations or governmental policy applicable to our customers or potential customers may decrease the demand for our solutions or increase our costs.

The level of our customers' and potential customers' activity in the business processes our services are used to support is sensitive to many factors beyond our control, including governmental regulation and regulatory policies. Many of our customers and potential customers in the telecommunications and other industries are subject to substantial regulation and may be the subject of further regulation in the future. Accordingly, significant new laws or regulations or changes in, or repeals of, existing laws, regulations or governmental policy may change the way these customers do business and could cause the demand for and sales of our solutions to decrease. Any change in the scope of applicable regulations that either decreases the volume of transactions that our customers or potential customers enter into or otherwise negatively impacts their use of our solutions would have a material adverse effect on our revenues or gross margins, or both. Moreover, complying with increased or changed regulations could cause our operating expenses to increase as we may have to reconfigure our existing services or develop new services to adapt to new regulatory rules and policies, either of which would require additional expense and time. Additionally, the information provided by, or residing in, the software or services we provide to our customers could be deemed relevant to a regulatory investigation or other governmental or private legal proceeding involving our customers, which could result in requests for information from us that could be expensive and time consuming for us to address or harm our reputation since our customers rely on us to protect the confidentiality of their information. These types of changes could adversely affect our business, results of operations and financial condition.

Fraudulent Internet transactions could negatively impact our business.

Our business may be exposed to risks associated with Internet credit card fraud and identity theft that could cause us to incur unexpected expenditures and loss of revenues. Under current credit card practices, a merchant is liable for fraudulent credit card transactions when, as is the case with the transactions we process, that merchant does not obtain a cardholder’s signature. Although our customers currently bear the risk for a fraudulent credit card transaction, in the future we may be forced to share some of that risk and the associated costs with our customers. To the extent that technology upgrades or other expenditures are required to prevent credit card fraud and identity theft, we may be required to bear the costs associated with such expenditures. In addition, to the extent that credit card fraud and/or identity theft cause a decline in business transactions over the Internet generally, both the business of our customers and our business could be adversely affected.

Consolidation in the communications industry or the other industries that we serve can reduce the number of actual and potential customers and adversely affect our business.

There has been, and there continues to be, merger, acquisition, alliance and consolidation activity among our customers. Mergers, acquisitions, alliances or consolidations of companies in the communications industry or other industries that we serve, have reduced and may continue to reduce the number of our customers and potential customers for our solutions, resulting in a smaller market for our services, which could have a material adverse impact on our business and results of operations. In addition, it is possible that the larger institutions that result from mergers or consolidations could themselves perform some or all of the services that we currently provide or could provide in the future. Should one or more of our significant customers acquire, consolidate or enter into an alliance with an entity or decide to either use a different service provider or to manage its transactions internally, this could have a negative material impact on our business. Any such consolidations, alliances or decisions to manage transactions internally may cause us to lose customers or require us to reduce prices as a result of enhanced customer leverage, which would have a material adverse effect on our business. We may not be able to offset the effects of any price reductions. We may not be able to expand our customer base to make up any revenue declines if we lose customers or if our transaction volumes decline.

Failures or interruptions of our systems and services could materially harm our revenues, impair our ability to conduct our operations and damage relationships with our customers.

Our success depends on our ability to provide reliable services to our customers and process a high volume of transactions in a timely and effective manner. Although we operate disaster recovery solutions, our network operations are susceptible to damage or interruption from human error, fire, flood, power loss, telecommunications failure, terrorist attacks and similar events. We could also experience failures or interruptions of our systems and services, or other problems in connection with our operations, as a result of, among other things:

- damage to, or failure of, our computer software or hardware or our connections and outsourced service arrangements with third parties;
- errors in the processing of data by our systems;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events;
- fire, cybersecurity attack, terrorist attack or other catastrophic event;
- increased capacity demands or changes in systems requirements of our customers; or
- errors by our employees or third-party service providers.

We rely on various systems and applications to support our internal operations, including our billing, financial reporting and customer contracting functions. The availability of these systems and applications is essential to us and delays, disruptions or performance problems may adversely impact our ability to accurately bill our customers, report financial information and conduct our business. Additionally, we may choose to replace or implement changes to these systems, including substituting traditional systems with cloud-based solutions, which could be time-consuming and expensive, and which could result in delays in the ongoing operational processes these software solutions support. Further, our cloud-based solutions may experience disruptions and outages that are beyond our control as we rely on third party vendors to support these solutions and assure their continued availability. We have also acquired a number of companies, products, services and technologies over the last several years. While we make significant efforts to address any IT security issues with respect to our acquisitions, we may still inherit certain risks when we integrate these acquisitions. In addition, our business interruption insurance may be insufficient to compensate us for losses or liabilities that may occur. Any interruptions in our systems or services could damage our reputation and substantially harm our business and results of operations.

The quality of our support and services offerings is important to our customers and if we fail to meet our service level obligations under our service level agreements or otherwise fail to offer quality support and services, we would be subject to penalties and could lose customers.

Our customers generally depend on our service organization to resolve issues relating to the use of our solutions. A high level of support is critical for the successful marketing and sale of our solutions. If we are unable to provide a level of support and service to meet or exceed the expectations of our customers, we could experience:

- loss of customers and market share;
- difficulty attracting or the inability to attract new customers, including in new geographic regions; and
- increased service and support costs and a diversion of resources.

Any of the above results would likely have a material adverse impact on our business, revenue, results of operations, financial condition and reputation.

In addition, we have service level agreements with many of our customers under which we guarantee specified levels of service availability. These arrangements involve the risk that we may not have adequately estimated the level of service we will in fact be able to provide. The importance of high quality customer support will increase as we expand our business and pursue new enterprise customers. If we fail to meet our service level obligations under these agreements, we would be subject to penalties, which could result in higher than expected costs, decreased revenues and decreased operating margins. We could also lose customers.

The financial and operating difficulties in the telecommunications sector may negatively affect our customers and our company.

The telecommunications sector has at times faced significant challenges resulting from significant changes in technology and consumer behavior, excess capacity, poor operating results and financing difficulties. The sector’s financial status has also at times been uncertain and access to debt and equity capital has been seriously limited. The impact of these events on us could include slower collection on accounts receivable, higher bad debt expense, uncertainties due to possible customer bankruptcies, lower pricing on new customer contracts, lower revenues due to lower usage by the end customer and possible consolidation among our customers, which will put our customers and operating performance at risk. In addition, because we operate in the communications sector, we may also be negatively impacted by limited access to debt and equity capital.

Our performance and growth depend on our ability to generate customer referrals and to develop referenceable customer relationships that will enhance our sales and marketing efforts. A failure to accomplish these objectives could materially harm our business.

In our business, we depend on end-users of our solutions to generate customer referrals for our services. We depend in part on members of the communications industry, financial institutions, legal service providers and other third parties who use our services to recommend them to a larger customer base than we can reach through our direct sales and internal marketing efforts. These referrals are an important source of new customers for our services and generally are made without expectation of compensation. We intend to continue to focus our marketing efforts on these referral partners in order to expand our reach and improve the efficiency of our sales efforts.

We also recognize that having respected, well known, market-leading customers who have committed to deploy our solutions within their organizations will support our marketing and sales efforts, as these customers can act as references for us and our product offerings. Our ability to establish and maintain these customer relationships is important to our future profitability. The willingness of these types of customers to provide referrals or serve as anchor or reference customers depends on a number of factors, including the performance, ease of use, reliability, reputation and cost-effectiveness of our services as compared to those offered by our competitors, as well as the internal policies of these customers. We may not be able to cultivate or maintain the strong relationships with customers that are necessary to develop those customer relationships into referenceable accounts.

The loss of any of our significant referral sources, including our anchor customers, or a decline in the number of referrals we receive or anchor customers that we generate could require us to devote substantially more resources to the sales and marketing of our services, which would increase our costs, potentially lead to a decline in our revenue, slow our growth and generally have a material adverse effect on our business, results of operations and financial condition. In addition, the revenue we generate from our referral and anchor relationships may vary from period to period.

We rely in part on strategic relationships with third parties to sell and deliver our solutions. If we are unable to successfully develop and maintain these relationships, our business may be harmed.

In addition to generating customer referrals through third-party users of our solutions, we intend to pursue relationships with other third parties such as technology and content providers and implementation and distribution partners. Our future growth will depend, at least in part, on our ability to enter into and maintain successful strategic relationships with these third parties. Identifying partners and negotiating and documenting relationships with them requires significant time and resources, as does integrating third-party content and technology. Some of the third parties with whom we have strategic relationships have entered and may continue to enter into strategic relationships with our competitors. Further, these third parties may have multiple strategic relationships and may not regard us as significant for their businesses. As a result, they may choose to offer their services on terms that are unfavorable to us, terminate their respective relationships with us, pursue other partnerships or relationships, or attempt to develop or acquire services or solutions that compete with ours. Our relationships with strategic partners could also interfere with our ability to enter into desirable strategic relationships with other potential partners in the future. If we are unsuccessful in establishing or maintaining relationships with strategic partners on favorable economic terms, our ability to compete in the marketplace or to grow our revenue could be impaired, and our business, results of operations and financial condition would suffer. Even if we are successful, we cannot provide assurance that these relationships will result in increased revenue or customer usage of our solutions or that the economic terms of these relationships will not adversely affect our margins.

We are exposed to our customers' credit risk.

We are subject to the credit risk of our customers and customers with liquidity issues may lead to bad debt expense for us. Most of our sales are on an open credit basis, with typical payment terms between 45 and 60 days in the United States and, because of local customs or conditions, longer payment terms in some markets outside the United States. We use various methods to screen potential customers and establish appropriate credit limits, but these methods cannot eliminate all potential bad credit risks and may not prevent us from approving applications that are fraudulently completed. Moreover, businesses that are good credit risks at the time of application may become bad credit risks over time and we may fail to detect this change. We maintain reserves we believe are adequate to cover exposure for doubtful accounts. If we fail to adequately assess and monitor our credit risks, we could experience longer payment cycles, increased collection costs and higher bad debt expense. A decrease in accounts receivable resulting from an increase in bad debt expense could adversely affect our liquidity. Our exposure to credit risks may increase if our customers are adversely affected by a difficult macroeconomic environment, or if there is a continuation or worsening of the economic environment. Although we have programs in place that are designed to monitor and mitigate the associated risk, including monitoring of particular risks in certain geographic areas, there can be no assurance that these programs will be effective in reducing our credit risks or preventing us from incurring additional losses. Future and additional losses, if incurred, could harm our business and have a material adverse effect on our business operating results and financial condition. Additionally, to the degree that the current or future credit markets makes it more difficult for some customers to obtain financing, those customers' ability to pay could be adversely impacted, which in turn could have a material adverse impact on our business, operating results, and financial condition.

Our reliance on third-party providers for communications software, services, hardware and infrastructure exposes us to a variety of risks we cannot control.

Our success depends on software, equipment, network connectivity and infrastructure hosting services supplied by, or leased from, our vendors and customers. In addition, we rely on third-party vendors to perform a substantial portion of our exception handling services. We may not be able to continue to purchase the necessary software, equipment and services from vendors on acceptable terms or at all. If we are unable to maintain current purchasing terms or ensure service availability with these vendors and customers, we may lose customers and experience an increase in costs in seeking alternative supplier services. Further, any changes in our third-party vendors could detract from management's ability to focus on the ongoing operations of our business or could cause delays in the operations of our business.

Our business also depends upon the capacity, reliability and security of the infrastructure owned and managed by third parties, including our vendors and customers that are used by our technology interoperability services, network services, number portability services, call processed services and enterprise solutions. We have no control over the operation, quality or maintenance of a significant portion of that infrastructure and whether those third parties will upgrade or improve their software, equipment and services to meet our and our customers' evolving requirements. We depend on these companies to maintain the operational integrity of our services. If one or more of these companies is unable or unwilling to supply or expand its levels of services to us in the future, our operations could be severely interrupted. In addition, rapid changes in the communications industry have led to industry consolidation. This consolidation may cause the availability, pricing and quality of the services we use to vary and could lengthen the amount of time it takes to deliver the services that we use.

Any damage to, or failure or capacity limitations of, our systems and our related network could result in interruptions in our service that could cause us to lose revenue, issue credits or refunds or could cause our customers to terminate their subscriptions for our services, in each case adversely affecting our renewal rates. Since our customers use our service for important aspects of their businesses, any errors, defects, disruptions in service or other performance problems could hurt our reputation and may damage our customers' businesses. As a result, we may lose revenue, issue credits or refunds or customers could elect not to renew our services or delay or withhold payments to us. We could also lose future sales or customers may make claims against us, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense or risk of litigation.

Additionally, third-party software underlying our services can contain undetected errors or bugs. We may be forced to delay commercial release of our services until any discovered problems are corrected and, in some cases, may need to implement enhancements or modifications to correct errors that we do not detect until after deployment of our services. In addition, problems with the third-party software underlying our services could result in:

- damage to our reputation;
- loss of or delayed revenue;
- loss of customers;
- warranty claims or litigation;
- loss of or delayed market acceptance of our services; or
- unexpected expenses and diversion of resources to remedy errors.

We are participants in several joint ventures, which may subject us to certain risks relating to our ability to perform our obligations under the joint ventures, including funding future joint venture capital requirements.

Entering into joint ventures and alliances entails risks, including difficulties in developing and expanding the business of a newly formed joint venture, funding capital calls for the joint venture, exercising influence over the management and activities of joint venture, quality control concerns regarding joint venture products and services and potential conflicts of interest with the joint venture and our joint venture partner. We cannot guarantee that the joint venture operations will be successful. Any inability to meet our obligations as a joint venture partner under the joint ventures could result in penalties and reduced percentage interest in the joint venture for our company. Also, we could be disadvantaged in the event of disputes and controversies with a joint venture partner, since one of our joint venture partner is a relatively significant customer of our products and services and future product and services of the joint venture.

If we are unable to protect our intellectual property rights, our competitive position could be harmed, or we could be required to incur significant expenses to enforce our rights.

Our success depends to a significant degree upon the protection of our software and other proprietary technology rights. We rely on trade secret, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. We also regularly file patent applications to protect inventions arising from our research and development and have obtained a number of patents in the United States and other countries. There can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that our patents will not be challenged by third parties. Also, much of our business and many of our solutions rely on key technologies developed or licensed by third or other parties and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms. The steps we have taken to protect our intellectual property may not prevent misappropriation of our proprietary rights or the reverse engineering of our solutions. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in other countries are uncertain and may afford little or no effective protection of our proprietary technology. Consequently, we may be unable to prevent our proprietary technology from being exploited abroad, which could require costly efforts to protect our technology. Policing the unauthorized use of our products, trademarks and other proprietary rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. For example, in June 2018, Dropbox, Inc., a public company that provides cloud-based file sharing products, filed a patent infringement lawsuit against us in the United States District Court of Northern California, claiming three counts of patent infringement and seeking injunctive relieve, among other remedies. We do not currently believe that this matter is likely to have a material adverse effect on our consolidated results of operation, cash flows, or our financial position, and we intend to vigorously defend this lawsuit, and believe we have valid defenses to the claims. This type of litigation could result in substantial costs and diversion of management resources, either of which could materially harm our business. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property.

Claims by others that we infringe their proprietary technology could harm our business.

Third parties could claim that our current or future products or technology infringe their proprietary rights. We expect that software developers will increasingly be subject to infringement claims as the number of products and competitors providing software and services to the communications industry increases and overlaps occur. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim, and could distract our management from our business. Furthermore, a party making a claim of this nature, if successful, could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from offering our products or services. Any of these events could seriously harm our business.

We are generally obligated to indemnify our customers if our services infringe the proprietary rights of third parties and certain of our agreements with customers and partners include indemnification provisions under which we have agreed to indemnify the counter-party for losses suffered or incurred as a result of claims of intellectual property infringement and, in some cases, for financial and other damages caused by us to property or persons. Third parties may assert infringement claims against our customers or partners. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers or partners, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers or partners.

If anyone asserts a claim against us relating to proprietary technology or information, while we might seek to license their intellectual property, we might not be able to obtain a license on commercially reasonable terms or on any terms. In addition, any efforts to develop non-infringing technology could be unsuccessful. Our failure to obtain the necessary licenses or other rights or to develop non-infringing technology could prevent us from offering our services and could therefore seriously harm our business.

We may seek to acquire companies or technologies, form joint ventures or make investments in other companies or technologies, which could disrupt our ongoing business, disrupt our management and employees, dilute our stockholders' ownership, increase our debt, and adversely affect our results of operations.

We have made, and in the future intend to form joint ventures, make acquisitions of and investments in companies, technologies or products in existing, related or new markets for us that we believe may enhance our market position or strategic strengths. However, we cannot be sure that any acquisition or investment will ultimately enhance our products or strengthen our competitive position. Acquisitions involve numerous risks, including but not limited to:

- diversion of management's attention from other operational matters;
- inability to identify acquisition candidates on terms acceptable to us or at all, or inability to complete acquisitions as anticipated or at all;
- inability to realize anticipated benefits or commercialize purchased technologies;
- exposure to operational risks, rules and regulations to the extent such activities are located in countries where we have not historically done business;
- unknown, underestimated and/or undisclosed commitments or liabilities;
- incurrence of debt, contingent liabilities or future write-offs of intangible assets or goodwill;
- dilution of ownership of our current stockholders if we issue shares of our common stock;
- higher than expected transaction costs; and
- ineffective integration of operations, technologies, products or employees of the acquired companies.

In addition, acquisitions may disrupt our ongoing operations, increase our expenses and/or harm our results of operations or financial condition. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt (which may reduce our cash available for operations and other uses), an increase in contingent liabilities or an increase in amortization expense related to identifiable assets acquired, each of which could materially harm our business, financial condition and results of operations.

We make significant investments in new products and services that may not be profitable or align with our established company vision.

We intend to continue to make investments to support our business growth, including expenditures to develop new services or enhance our existing services, enhance our operating infrastructure, market and sell our product offerings and acquire complementary businesses and technologies. These endeavors may involve significant risks and uncertainties, including failures to align new initiatives with our established corporate vision and direction, which could lead to a misapplication of our resources. These new investments are inherently risky and may involve distracting management from current operations, create greater than expected liabilities and expenses, provide us with an inadequate return on capital, include other unidentified risks and, ultimately, may generally not be successful. Further, our ability to effectively integrate new services and investments into our business may affect our profitability. Significant delays in new releases or significant problems in creating new products or services could adversely affect our revenue and financial performance.

Interruptions or delays in our service due to problems with our third-party web hosting facilities or other third-party service providers could adversely affect our business.

We rely on third parties for the maintenance of certain of the equipment running our solutions and software at geographically dispersed hosting facilities with third parties. If we are unable to renew, extend or replace our agreements with any of our third-party hosting facilities, we may be unable to arrange for replacement services at a similar cost and in a timely manner, which could cause an interruption in our service. We do not control the operation of these third-party facilities, each of which may be subject to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures or similar events. These facilities may also be subject to break-ins, sabotage, intentional acts of vandalism or similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster, cessation of operations by our third-party web hosting provider or a third party's decision to close a facility without adequate notice or other unanticipated problems at any facility could result in lengthy interruptions in our service. In addition, the failure by these facilities to provide our required data communications capacity could result in interruptions in our service.

Due to the global nature of our operations, political or economic changes or other factors in a specific country or region could harm our operating results and financial condition.

We conduct significant sales and customer support operations in countries around the world. As such, our growth depends in part on our increasing sales into emerging countries. We also depend on non-U.S. operations of our contract manufacturers, component suppliers and distribution partners. Emerging countries in the aggregate experienced a decline in orders during fiscal 2017 and certain prior periods. We continue to assess the sustainability of any improvements in these countries and there can be no assurance that our investments in these countries will be successful. Our future results could be materially adversely affected by a variety of political, economic or other factors relating to our operations inside and outside the United States, including impacts from global central bank monetary policy; issues related to the political relationship between the United States and other countries that can affect the willingness of customers in those countries to purchase products from companies headquartered in the United States; and the challenging and inconsistent global macroeconomic environment, any or all of which could have a material adverse effect on our operating results and financial condition, including, among others, the following:

- Foreign currency exchange rates;
- Political or social unrest;
- Economic instability or weakness or natural disasters in a specific country or region, including the current economic challenges in China and global economic ramifications of Chinese economic difficulties; instability as a result of Brexit; environmental and trade protection measures and other legal and regulatory requirements, some of which may affect our ability to import our products, to export our products from, or sell our products in various countries;
- Political considerations that affect service provider and government spending patterns;
- Health or similar issues, such as a pandemic or epidemic;
- Difficulties in staffing and managing international operations; or
- Adverse tax consequences, including imposition of withholding or other taxes on our global operation.

Our expansion into additional international markets may be subject to uncertainties that could increase our costs to comply with regulatory requirements in foreign jurisdictions, disrupt our operations and require increased focus from our management.

Our growth strategy includes the growth of our operations in foreign jurisdictions. International operations and business expansion plans are subject to numerous additional risks, including economic and political risks in foreign jurisdictions in which we operate or seek to operate, potential additional costs due to localization and other geographic specific costs, difficulty in enforcing contracts and collecting receivables through some foreign legal systems, unexpected changes in legal and regulatory requirements, differing technology standards and pace of adoption, fluctuations in currency exchange rates, varying regional and geopolitical business conditions and demands. The difficulties associated with managing a large organization spread throughout various countries and potential tax issues, including restrictions on repatriating earnings and multiple conflicting, changing and complex tax laws and regulations, and the differences in foreign laws and regulations, including foreign tax, data privacy requirements, anti-competition, intellectual property, labor, contract, trade and other laws. Additionally, compliance with international and U.S. laws and regulations that apply to our international operations may increase our cost of doing business in foreign jurisdictions. Violation of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, or prohibitions on the conduct of our business. 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. However, any of these factors could adversely affect our international operations and, consequently, our operating results.

Fluctuations in foreign currency exchange rates could result in foreign currency transaction losses, which could harm our operating results and financial condition.

We consider the USA dollar to be our functional currency. However, given our international operations we currently have, and expect to have in the future, revenue and expenses and related assets and liabilities denominated in foreign currencies. Foreign currency transaction exposure results primarily from transactions with customers or vendors denominated in currencies other than the functional currency of the entity in which we record the transaction. Any fluctuation in the exchange rate of these foreign currencies may positively or negatively affect our business, financial condition and operating results.

We face exposure to movements in foreign currency exchange rates due to the fact that we have non-U.S. dollar denominated revenue worldwide. Weakening of foreign currencies relative to the U.S. dollar adversely affects the U.S. dollar value of our foreign currency denominated revenue and positively affects the U.S. dollar value of our foreign currency denominated expenses. If foreign currencies were to weaken or strengthen relative to the U.S. dollar, we might elect to raise or lower our international pricing, which could potentially impact demand for our services. Alternatively, we might opt not to adjust our international pricing as a result of fluctuations in foreign currency exchange rates, which could potentially have a positive or negative impact on our results of operations and financial condition.

Similarly, our financial performance may be impacted by fluctuations in currency exchange rates when it comes to our non-U.S. dollar denominated expenses. The third-party vendors and suppliers to whom we owe payments for non-U.S. dollar denominated expenses may, or may not, decide to increase or decrease their pricing to reflect fluctuations in foreign currency exchange rates.

If there continues to be volatility in foreign currency exchange rates, we will continue to experience fluctuations in our operating results due to revaluing our assets and liabilities that are not denominated in the functional currency of the entity that recorded the asset or liability. Further, as foreign currency exchange rates change, the translation of our non-U.S. denominated revenue and expenses into U.S. dollars affects the year-over-year comparability of our operating results.

We have experienced recent management changes.

On April 27, 2017, Ronald Hovsepian resigned his position as Chief Executive Officer. Our Board of Directors appointed Stephen G. Waldis as the Chief Executive Officer of the Company, effective April 27, 2017. Mr. Waldis continued as a member and Executive Chairman of the Board of Directors while serving as Chief Executive Officer between April 27, 2017 and November 13, 2017. Glenn Lurie was appointed as our Chief Executive Officer and member of the Board of Directors effective November 13, 2017. Upon Mr. Lurie’s appointment, Mr. Waldis resumed his position as only a member and Executive Chairman of the Board of Directors.

On February 27, 2017, Karen Rosenberger resigned from her position as EVP, Chief Financial Officer & Treasurer, and effective that date, John Frederick was subsequently appointed as Chief Financial Officer, and thereafter, resigned from his position effective April 27, 2017. Our Board of Directors appointed Lawrence Irving as the Chief Financial Officer of the Company, effective April 27, 2017.

These changes have been disruptive to the management and operations of the Company and could have a material effect on our business, operating results and financial conditions. Additional turnover at the senior management level may create instability within the Company and our employees may decide to terminate their employment, which could further impede the Company’s maintenance of its day to day operations. Such instability could impede our ability to implement fully our business plan and growth strategy, which would harm our business and prospects.

We must recruit and retain our key management and other key personnel and our failure to recruit and retain qualified employees could have a negative impact on our business.

We believe that our success depends in part on the continued contributions of our senior management and other key personnel to generate business and execute programs successfully. In addition, the relationships and reputation that these individuals have established and maintain with our customers and within the industries in which we operate contribute to our ability to maintain good relations with our customers and others within those industries. The loss of any members of senior management or other key personnel could materially impair our ability to identify and secure new contracts and otherwise effectively manage our business. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash- and equity-based compensation. If we do not obtain the stockholder approval needed to continue granting equity compensation in a competitive manner, our ability to attract, retain, and motivate executives and key employees could be weakened. Further, in the technology industry, there is substantial and continuous competition for highly skilled business, product development, technical and other personnel. Competition for qualified personnel at times can be intense and as a result we may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our ability to meet our commitments and new product delivery objectives. If we are unable to maintain or expand our direct sales capabilities, we may not be able to generate anticipated revenues. In addition, if we are unable to maintain or expand our product development capabilities, we may not be able to meet our product development goals.

Further, we rely on the expertise and experience of our senior management team. Although we have employment agreements with our executive officers, none of them or any of our other management personnel is obligated to remain employed by us. The loss of services of any key management personnel could lower productive output, interrupt our strategic vision and make it more difficult to pursue our business goals successfully.

Our employee retention and hiring may be adversely impacted by immigration restrictions and related factors.

Competition for skilled personnel is intense in our industry and any failure on our part to hire and retain appropriately skilled employees could harm our business. Our ability to hire and retain skilled employees is impacted, at least in part, by the fact that a portion of our professional workforce in the United States is comprised of foreign nationals who are not United States citizens. In order to be legally allowed to work for us, these individuals generally hold immigrant visas (which may or may not be tied to their employment with us) or green cards, the latter of which makes them permanent residents in the United States.

The ability of these foreign nationals to remain and work in the United States is impacted by a variety of laws and regulations, as well as the processing procedures of various government agencies. Changes in applicable laws, regulations or procedures could adversely affect our ability to hire or retain these skilled employees and could affect our costs of doing business and our ability to deliver services to our customers. In addition, if the laws, rules or procedures governing the ability of foreign nationals to work in the United States were to change or if the number of visas available for foreign nationals permitted to work in the United States were to be reduced, our business could be adversely affected, if, for example, we were unable to hire or no longer able to retain a skilled worker who is a foreign national.

Employing foreign nationals may require significant time and expense and our foreign national employees may choose to leave after we have made this investment. While a foreign national who is working under an immigrant visa tied to his or her employment by us may be less likely to choose to leave our Company than a similarly situated employee who is a United States national or a green card holder (as leaving our employ could mean also having to leave the United States), this may not always be the case. Additionally, many of our foreign national employees hold green cards, which means that they have greater flexibility to leave our Company without facing the risk of also having to leave the United States.

Our use of "open source" software could negatively affect our ability to sell our services and subject us to possible litigation.

A portion of the technologies licensed by us incorporates "open source" software, and we may incorporate open source software in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. If we fail to comply with these licenses, we may be subject to certain conditions, including requirements that we offer any of our services that incorporate the open source software at no cost. Additionally, we may be required to make publicly available any source code for modifications or derivative works we create based upon, incorporating or using the open source software and/or license those modifications or alterations on terms that are unfavorable to us. If an author or other third party that distributes open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from selling those of our services that contained the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our services.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide technology support, maintenance, warranties or assurance of title or controls on the origin of the software.

Our inability to raise additional capital or generate the significant capital necessary to expand our operations and invest in new products could reduce our ability to compete and could harm our business.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new products and enhancements to our platforms or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests and the per share value of our common stock could decline. In addition, the terms of any future issued equity securities could entitle the holders of those equity securities to rights, preferences and privileges superior to those of holders of our common stock. Furthermore, if we engage in debt financing, the holders of debt might have priority over the holders of common stock, and we may be required to accept terms that restrict our ability to incur additional indebtedness, including restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may also be required to take other actions that would otherwise be in the interests of the debt holders and force us to maintain specified liquidity or other ratios, any of which could harm our business, results of operations, and financial condition. If we need additional capital and cannot raise it on acceptable terms, we may not be able to, among other things:

- develop or enhance our products and platforms;
- acquire complementary technologies, products or businesses;
- expand operations, in the United States or internationally; or
- respond to competitive pressures or unanticipated working capital requirements.

If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

Our Series A Convertible Participating Perpetual Preferred Stock (the "Series A Preferred Stock") contains covenants that may limit our business flexibility.

On February 15, 2018, in accordance with the terms of that certain Securities Purchase Agreement dated as of October 17, 2017 with Silver Private Holdings I, LLC ("Silver"), an affiliate of Siris Capital Group, LLC, we issued to Silver 185,000 shares of our newly issued Series A Convertible Participating Perpetual Preferred Stock (the "Series A Preferred Stock"), par value $0.0001 per share, with an initial liquidation preference of $1,000 per share, in exchange for $97.7 million in cash and the transfer from Silver to us of 5,994,667 shares of our common stock held by Silver. In connection with the issuance of the Series A Preferred Stock, we filed a Certificate of Designations with the State of Delaware setting forth the rights, preferences, privileges, qualifications, restrictions and limitations on the Series A Preferred Stock (the "Series A Certificate"). The holders of a majority of the Series A Preferred Stock, voting separately as a class, are entitled at each of our annual meetings of stockholders or at any special meeting called for the purpose of electing directors (or by written consent signed by the holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting): (i) to nominate and elect two members of our Board of Directors for so long as the Preferred Percentage (as defined in the Series A Certificate) is equal to or greater than 10%; and (ii) to nominate and elect one member of our Board of Directors for so long as the Preferred Percentage is equal to or greater than 5% but less than 10%.

For so long as the holders of shares of our Series A Preferred Stock have the right to nominate at least one director, we are required to obtain the prior approval of Silver prior to taking certain actions, including:

(i) certain dividends, repayments and redemptions;
(ii) any amendment to our certificate of incorporation that adversely effects the rights, preferences, privileges or voting powers of the Series A Preferred Stock;
(iii) issuances of stock ranking senior or equivalent to shares of Series A Preferred Stock (including additional shares of Series A Preferred Stock) in the priority of payment of dividends or in the distribution of assets upon any liquidation, dissolution or winding up of us;
(iv) changes in the size of our Board of Directors;
(v) any amendment, alteration, modification or repeal of the charter of our Nominating and Corporate Governance Committee of the Board of Directors and related documents; and
(vi) any change in our principal business or the entry into any line of business outside of our existing lines of businesses.

In addition, in the event that we are in EBITDA Non-Compliance (as defined in the Series A Certificate or the undertaking of certain actions would result in Synchronoss exceeding a specified pro forma leverage ratio, then the prior approval of Silver would be required to incur indebtedness (or alter any debt document) in excess of $10.0 million, enter or consummate any transaction where the fair market value exceeds $5.0 million individually or $10.0 million in the aggregate in a fiscal year or authorize or commit to capital expenditures in excess of $25.0 million in a fiscal year.

There is no guarantee that the holders of the Series A Preferred Stock would approve any such restricted action, even where such an action would be in the best interests of our stockholders. Any failure to obtain such approval could harm our business and result in a decrease in the value of our common stock.

Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stockholders, which could adversely affect our liquidity and financial condition, and may result in the interests of the holders of our Series A Preferred Stock differing from those of our common stockholders.

The holders of our Series A Preferred Stock have the right to receive a liquidation preference entitling them to be paid out of our assets available for distribution to stockholders before any payment may be made to holders of any other class or series of capital stock, an amount equal to the greater of the stated value of such holder's shares of Series A Preferred Stock or the amount that such holder would have been entitled to receive upon our liquidation, dissolution and winding up if all outstanding shares of such series of Series A Preferred Stock had been converted into common stock immediately prior to such liquidation, dissolution or winding up, plus accrued but unpaid dividends.

In addition, dividends on the Series A Preferred Stock accrue and are cumulative at the rate of 14.5% per annum, payable quarterly in arrears in cash or in-kind. The holders of our Series A Preferred Stock also have certain redemption rights, including the right to require us to repurchase all or any portion of the Series A Preferred Stock upon the occurrence of certain events.

These dividend and redemption obligations could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of Series A Preferred Stock, including the requirement that we obtain the consent of the holders of Series A Preferred Stock prior to incurring additional indebtedness under certain circumstances, could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of shares of Series A Preferred Stock and holders of our common stock. The two members of our Board of Directors elected by the Series A Preferred Stock, Frank Baker and Peter Berger, are affiliated with Silver, which holds all outstanding shares of our Series A Preferred Stock. Notwithstanding the fact that all directors are subject to fiduciary duties to us and to applicable law, the interests of the directors elected by the holders of the Series A Preferred may differ from the interests of our security holders as a whole or of our other directors.

The implementation by us of a new revenue recognition standard in 2018 require substantial preparation and expenditures, and our failure to properly implement these standards in a timely manner could result in inaccurate revenue recognition and inappropriate disclosures and cause us to fail to meet our financial reporting obligations.

In May 2014, the Financial Accounting Standards Board ("FASB") issued revenue recognition guidance under Accounting Standards Update ('ASU") 2014-09, "*Revenue from Contracts with Customers,*" ("ASC 606"), which is effective for our interim and annual periods beginning after December 15, 2017. Under this ASC 606 guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue that is recognized.

In order to be able to comply with the requirements of ASC 606 beginning in the first quarter of 2018, we have updated our processes and our internal controls over financial reporting. This has required, and will continue to require, additional investments by us, and may require incremental resources and system configurations that could increase our operating costs in future periods. If we are not able to properly implement ASC 606 in a timely manner, the revenue that we recognize and the related disclosures that we provide under ASC 606 may not be complete or accurate, and we could fail to meet our financial reporting obligations in a timely manner, which could result in, among other things, regulatory discipline, failure to satisfy the requirements of our debt instruments and adverse movements in our stock price.

We continue to incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to new and ongoing compliance initiatives.

We operate as a public company, and will continue to incur significant legal, accounting and other expenses as we comply with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act" or "SOX"), the Dodd-Frank Wall Street Reform and Consumer Protection Act and other public company disclosure and corporate governance requirements, as well as any new rules that may subsequently be implemented by the Securities and Exchange Commission and/or Nasdaq, the exchange on which our common stock is listed (Nasdaq: SNCR). These rules impose various requirements on public companies, including requirements related to disclosures, corporate governance and internal controls. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly and place significant strain on our personnel, systems and resources.

Our management and other personnel will continue to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, we expect these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In connection with the restatement of certain of our financial statements, our management identified material weaknesses in our internal control over financial reporting, as described more fully in Item 9A “Controls and Procedures” in this Form 10-K. We are continuing to refine our disclosure controls and other procedures and taken other remedial actions that are designed to ensure that the information that we are required to disclose in the reports that we will file with the Securities and Exchange Commission is properly recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. We are also continuing to improve our internal control over financial reporting, as described more fully in Item 9A “Controls and Procedures” in this Form 10-K. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting. Further, Section 404 of Sarbanes-Oxley requires that we include in our annual report our assessment of the effectiveness of our internal control over financial reporting and our audited financial statements as of the end of each fiscal year, which is included in Item 9A “Controls and Procedures” in this Form 10-K. Our continued compliance with Section 404 will require that we continue to incur substantial expense and expend significant management time on compliance related issues.

As described in Item 9A “Controls and Procedures” in this Form 10-K, we determined that we did not maintain effective internal control over financial reporting as of December 31, 2017 due to the existence of certain material weaknesses. Further, additional material weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop, remediate or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of management reports and independent registered public accounting firm audits of our internal control over financial reporting that we will be required to include in our periodic reports that will be filed with the SEC. If we were to have ineffective disclosure controls and procedures or internal control over financial reporting, our investors could lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our common stock, and may cause us to lose public confidence in our financial reporting. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to timely meet our regulatory reporting obligations.

Changes in, or interpretations of, accounting principles could result in unfavorable accounting charges.

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”). These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. A change in these principles, or their interpretation, could have a significant effect on our reported results and may even retroactively affect previously reported results. Our accounting principles that recently have been or may be affected by changes in accounting principles are: (i) revenue recognition guidance; (ii)accounting for stock-based compensation; (iii) accounting for income taxes; (iv) accounting for business combinations and goodwill; and (v) accounting for foreign currency translation.

The impacts from recently-passed U.S. federal tax reform remain uncertain.

On December 22, 2017, President Trump signed into law the tax legislation commonly known as the "Tax Cuts and Jobs Act" (the “TCJA”) that significantly changes the U.S. Internal Revenue Code of 1986, as amended. The TCJA, which generally became effective on January 1, 2018, revises the U.S. tax code by, among other things, lowering the corporate income tax rate from 35% to 21%, limiting deductibility of interest expense, expanded limitation on executive compensation and implementing a broadly territorial tax system. The TCJA also imposes a one-time repatriation tax on deemed repatriated earnings of foreign subsidiaries.

While the TCJA is expected to have a favorable impact on our overall effective tax rate as reported under generally accepted accounting principles both in the first fiscal quarter of 2018 and subsequent reporting periods, the legislation also resulted in aggregate provisional tax benefit in the fourth quarter of 2017 of approximately $5.9 million, primarily related to the re-measurement of the net U.S. deferred tax liability. The TCJA was enacted late in 2017 and limited implementation guidance was provided. As clarified by the SEC in Staff Accounting Bulletin (“SAB”) 118, we made provisional estimates on the impact to our deferred tax assets of the expanded limitation on executive compensation. Moreover, certain provisions of the TCJA, such as the Global Intangible Low-Tax Income (“GILTI”) provision and any adverse impacts from new guidance on the implementation of the TCJA may create new pressure on our effective tax rate in future periods. It is also currently unknown if and to what extent various states will conform to the TCJA and the impact such changes in state-tax law may have.

The estimated impacts of the new law are based on our current knowledge and assumptions, and therefore the ultimate impacts remain uncertain. Given the significant complexity of the TCJA, anticipated guidance from the U.S. Treasury about implementing the TCJA, and the potential for new legislation or additional guidance from the Securities and Exchange Commission, the Financial Accounting Standards Board or other regulatory authorities related to the TCJA, recognized impacts in future periods could be significantly different from our current estimates. Such uncertainty may also result in increased scrutiny from, or disagreements with, tax authorities.

Changes in, or interpretations of, tax rules and regulations, could adversely affect our effective tax rates.

Unanticipated changes in our tax rates could affect our future results of operations. Our future effective tax rates could be unfavorably affected by changes in tax laws or the interpretation of tax laws or by changes in the valuation of our deferred tax assets and liabilities. It is possible that future requirements, including the recently proposed implementation of International Financial Reporting Standards (“IFRS”) could change our current application of U.S. GAAP, resulting in a material adverse impact on our financial position or results of operations. In addition, we are subject to the continued examination of our income tax returns by the Internal Revenue Service (“IRS”), and other tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations, if any, to determine the adequacy of our provision for income taxes. We believe our estimates to be reasonable, but there can be no assurance that the final determination of any of these examinations will not have an adverse effect on our operating results and financial position.

If we are required to collect sales and use taxes on the services we sell in additional jurisdictions, we may be subject to liability for past sales and our future sales could decrease.

We currently collect sales or use tax on our services in most states. Historically, with a few exceptions, we have not charged or collected value added tax on our services anywhere in the world. We may lose sales or incur significant expenses should tax authorities in other jurisdictions where we do business be successful in imposing sales and use taxes, value added taxes or similar taxes on the services we provide. A successful assertion by one or more tax authorities that we should collect sales or other taxes on the sale of our services could result in substantial tax liabilities for past sales, including interest and penalty charges, and could discourage customers from purchasing our services and otherwise harm our business. Further, we may conclude based on our own review that our services may be subject to sales and use taxes in other areas where we do business. Under these circumstances, we may voluntarily disclose our estimated liability to the respective tax authorities and initiate activities to collect taxes going forward.

It is not clear that our services are subject to sales and use tax in certain jurisdictions. States and certain municipalities in the United States, as well as countries outside the United States, have different rules and regulations governing sales and use taxes. These rules and regulations are subject to varying interpretations that may change over time and, in the future, our services may be subject to such taxes. Although our customer contracts typically provide that our customers are responsible for the payment of all taxes associated with the provision and use of our services, customers may decline to pay back taxes and may refuse responsibility for interest or penalties associated with those taxes. In certain cases, we may elect not to request customers to pay back taxes. If we are required to collect and pay back taxes and associated interest and penalties, and if our customers fail or refuse to reimburse us for all or a portion of these amounts, or if we elect not to seek payment of these amounts, we will incur unplanned expenses that may be substantial. Moreover, imposition of such taxes on our services going forward will effectively increase the cost of our services to our customers and may adversely affect our ability to retain existing customers or gain new customers in jurisdictions in which such taxes are imposed. Any of the foregoing could have a material adverse effect on our business, results of operation or financial condition.

Economic, political and market conditions can adversely affect our business, results of operations and financial condition.

Our business is influenced by a range of factors that are beyond our control and that we have no comparative advantage in forecasting. These include but are not limited to general economic and business conditions, the overall demand for cloud-based products and services, general political developments and currency exchange rate fluctuations. Economic uncertainty may exacerbate negative trends in consumer spending and may negatively impact the businesses of certain of our customers, which may cause a reduction in their use of our platforms or increase their likelihood of defaulting on their payment obligations, and therefore cause a reduction in our revenues. These conditions and uncertainty about future economic conditions may make it challenging for us to forecast our operating results, make business decisions and identify the risks that may affect our business, financial conditions and results of operations. In addition, these factors could result in quarterly fluctuations in our business performance. Finally, changes in these conditions may result in a more competitive environment, resulting in possible pricing pressures.

Catastrophic events may disrupt our business.

A natural disaster, telecommunications failure, power outage, cybersecurity attack, war, terrorist attack or other catastrophic event could cause us to suffer system interruptions, reputational harm, delays in product development, breaches of data security and loss of critical data. An event of this nature could also prevent us from fulfilling customer orders or maintaining certain service level requirements, particularly in respect of our SaaS and hosted offerings. While we have developed certain disaster recovery plans and maintain backup systems to reduce the potentially adverse effect of these types of events, a catastrophic event that results in the destruction or disruption of any of our data centers or our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our business, operating results and financial condition could be adversely affected.

Risks Related to Our Common Stock

Our stock price may continue to experience significant fluctuations and could subject us to litigation.

Our stock price, like that of other technology companies, continues to fluctuate greatly. For example, upon the announcement of the resignation of our Chief Executive Officer and Chief Financial Officer in April 2017, our stock price dropped significantly. Our stock price, and demand for our stock, can be affected by many factors, such as unanticipated changes in management, quarterly increases or decreases in our earnings, speculation in the investment community about our financial condition or results of operations and changes in revenue or earnings estimates, announcement of new services, technological developments, alliances, or acquisitions by us. Additionally, the price of our common stock may continue to fluctuate greatly in the future due to factors that are non-company specific, such as the decline in the United States and/or international economies, acts of terror against the United States or other jurisdictions where we conduct business, war or due to a variety of company specific factors, including quarter to quarter variations in our operating results, shortfalls in revenue, gross margin or earnings from levels projected by securities analysts and the other factors discussed in these risk factors. In addition, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the market price of our common stock could decline for reasons unrelated to our business, operating results or financial condition.

Fluctuation in market price and demand for our common stock may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. Causes of volatility in the market price of our stock could subject us to securities class action litigation. We are currently, and may in the future be, the subject of lawsuits that could require us to incur substantial costs defending against those lawsuits and divert the time and attention of our management.

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

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We currently have research coverage by securities and industry analysts, though we do not control these analysts and have no ability to ensure that they will continue to cover our common stock. If one or more of the analysts who covers us downgrades our stock or states a view that our business prospects are reduced, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, interest in the purchase of our stock could decrease, which could cause our stock price or trading volume, or both, to decline.

We face shareholder lawsuits and other potential liabilities that could materially adversely impact our business, financial condition and results of operations.

We are, and may in the future be, the subject of various lawsuits. For additional information regarding this litigation, see Part II, Item 3 of this Form 10-K under "Legal Proceedings." The outcome and amount of resources needed to respond to, defend or resolve lawsuits is unpredictable and may remain unknown for long periods of time. Our exposure under these matters may also include our indemnification obligations, to the extent we have any, to current and former officers and directors and, in some cases former underwriters, against losses incurred in connection with these matters, including reimbursement of legal fees and other expenses. Although we maintain insurance for claims of this nature, our insurance coverage does not apply in all circumstances and may be denied or insufficient to cover the costs related to the class action and stockholder derivative lawsuits. In addition, these matters or future lawsuits involving us may increase our insurance premiums, deductibles or co-insurance requirements or otherwise make it more difficult for us to maintain or obtain adequate insurance coverage on acceptable terms, if at all. Moreover, adverse publicity associated with negative developments in pending legal proceedings could decrease customer demand for our services. As a result, the pending lawsuits and any future lawsuits involving us, or our officers or directors, could have a material adverse effect on our business, reputation, financial condition, results of operations, liquidity and the trading price of our common stock.

We are at risk of additional securities class action and derivative lawsuits.

Securities class action and derivative lawsuits are often filed against public companies following a decline in the market price of their securities. After our announcement regarding the departure of our Chief Executive Officer and Chief Financial Officer in April 2017, our stock price declined and we and certain of our officers and directors were named as parties in purported stockholder class actions and derivative lawsuits. Those class action lawsuits are ongoing. For additional information regarding this litigation, see Item 3. "Legal Proceedings" contained in this Form 10-K. Soon after the announcement of a restatement of our financial statements for the Relevant Periods, we and certain of our officers and directors were named as parties in a purported derivative lawsuit relating to the restatement, which are ongoing. We may experience stock price volatility in the future related to other matters. This risk is especially relevant for us because technology companies have experienced greater than average stock price volatility in recent years. We may be named in additional litigation, which could require significant management time and attention and result in significant legal expenses and may result in an unfavorable outcome, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Such litigation could result in additional substantial costs and a diversion of management's and the Board of Directors' attention and resources, which could harm our business.

We have never paid dividends on our capital stock and we do not anticipate paying any dividends in the foreseeable future. Consequently, any gains from an investment in our common stock will likely depend on whether the price of our common stock increases.

We have not paid dividends on any of our classes of capital stock to date and we currently intend to retain our future earnings, if any, to fund the development and growth of our business. In addition, the terms of our outstanding indebtedness restrict our ability to pay dividends, and any future indebtedness that we may incur could preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be a shareholder's sole source of gain for the foreseeable future. Consequently, in the foreseeable future, a shareholder will likely only experience a gain from your investment in our common stock if the price of our common stock increases.

Delaware law and provisions in our restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, therefore depressing the trading price of our common stock.

We are a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and bylaws and credit agreements may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our amended and restated certificate of incorporation and bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of the stock to elect some directors;
- establish a classified board of directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following election;
- require that directors only be removed from office for cause;
- provide that vacancies on the board of directors, including newly-created directorships, may be filled only by a majority vote of directors then in office;

- limit who may call special meetings of stockholders;
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders; and
- establish advance notice requirements for nominating candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

The affirmative vote of the holders of at least two-thirds of the voting power of all of the then outstanding shares of our capital stock 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 by-laws may only be amended or repealed by the affirmative vote of the holders of a majority 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, which limits business combination transactions with stockholders of 15% or more of our outstanding voting stock that our board of directors has not approved. These provisions and other similar provisions make it more difficult for stockholders or potential acquirers to acquire us without negotiation. These provisions may apply even if some stockholders may consider the transaction beneficial to them.

As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our common stock. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a premium over the then current market price for our common stock.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

We lease approximately 120,000 square feet of office space for our corporate headquarters in Bridgewater, New Jersey. We also lease a 100,000 square foot facility in Bangalore, India. In addition to the above office space, we lease offices in various states in the United States including California, Colorado, Maryland, Pennsylvania, Texas and Virginia and in certain countries including Australia, China, France, Ireland, Italy, Japan, Malta and the Philippines. Lease terms for our locations expire in the years between 2018 and 2029. We believe that the facilities we now lease are sufficient to meet our needs through at least the next twelve months. However, we may require additional office space after that time or if our current business plans change.

ITEM 3. *LEGAL PROCEEDINGS*

On May 1, 2017, May 2, 2017, June 8, 2017 and June 14, 2017, four putative class actions were filed against us and certain of our officers and directors in the United States District Court for the District of New Jersey (the “Securities Law Action”). After these cases were consolidated, the court appointed as lead plaintiff Employees’ Retirement System of the State of Hawaii, which filed, on November 20, 2017, a consolidated amended complaint purportedly on behalf of purchasers of our common stock between February 3, 2016 and June 13, 2017. The consolidated amended complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and it alleges, among other things, that the defendants made false and misleading statements of material information concerning our financial results, business operations, and prospects. The plaintiff seeks unspecified damages, fees, interest, and costs. On February 2, 2018, the defendants filed a motion to dismiss the consolidated amended complaint in its entirety, with prejudice, which remains pending. We believe that the asserted claims lack merit, and we intend to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the actions at this time, and we can give no assurance that the asserted claims will not have a material adverse effect on our financial position or results of operations.

On September 15, 2017, October 24, 2017, October 27, 2017 and October 30, 2017, Synchronoss shareholders filed derivative lawsuits against certain of our officers and directors and the Company (as nominal defendant) in the United States District Court for the District of New Jersey (the “Derivative Suits”). These lawsuits purport to allege claims related to breaches of fiduciary duties and unjust enrichment. The allegations in the Derivative Suits relate to substantially the same facts as those underlying the Securities Law Action described above. The plaintiffs seek unspecified damages and for Synchronoss to take steps to improve its corporate governance and internal procedures. The plaintiffs in the Derivative Suits in which service of the complaints was effectuated have agreed to stay proceedings pending the court’s decision on the defendants’ motion to dismiss in the Securities Laws Action. We believe that the asserted claims lack merit, and we intend to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the Derivative Suits at this time, and we can give no assurance that the asserted claims will not have a material adverse effect on our financial position or results of operations.

On October 7, 2014, we filed an amended complaint in the United States District Court for the District of New Jersey (Civ Act. No. 3:14-cv-06220) against F-Secure Corporation and F-Secure, Inc. (collectively, “F-Secure”), claiming that F-Secure has infringed, and continues to infringe, several of our patents. In February 2015, we entered into a patent license and settlement agreement with F-Secure Corporation and F-Secure, Inc. whereby we granted each of these companies (but not their subsidiaries or affiliates) a limited license to our patents. As a result of entering into the patent license and settlement agreement, the parties filed a joint stipulation to dismiss the above complaint.

Our 2011 acquisition agreement with Miyowa SA (“Miyowa”) provided that former shareholders of Miyowa would be eligible for earn-out payments to the extent specified business milestones were achieved following the acquisition. In December 2013, Eurowebfund and Bakamar, two former shareholders of Miyowa, filed a complaint against us in the Commercial Court of Paris, France claiming that they are entitled to certain earn-out payments under the acquisition agreement. We were served with a copy of this complaint in January 2014. On December 3, 2015, the Court dismissed all claims in the complaint against us. On December 19, 2015, the former shareholders of Miyowa filed an appeal with the Court of Appeal of Paris, France, appealing the Court’s decision. On January 11, 2018, the Court of Appeal of Paris, France, dismissed the appeal. The plaintiffs have informed us that they will not be appealing this decision.

On July 11, 2017, Shareholder Representative Services LLC, on behalf of the persons entitled to receive merger consideration (the “Sellers”) in connection with our acquisition of Razorsight, commenced arbitration against us with respect to a dispute over the amount due to the Sellers as additional consideration. Under the Razorsight purchase agreement, the Sellers are entitled to a percentage of any revenue recognized by us generated from the sale or licensing of Razorsight products in 2016 after a specific revenue threshold is obtained. The parties disagreed over the determination of the amount of revenue we recognized in 2016. The parties entered into an agreement resolving the arbitration in May 2018.

On June 13, 2018, BNY, in its capacity as the Trustee under the Indenture for our 2019 Notes, filed the “BNY Action. The BNY Action complaint alleges that the failure of our common stock to be listed or quoted on Nasdaq constituted a “Fundamental Change” under the Indenture, which, if true, following notice from holders of more than 25% of the outstanding principal under the Notes would trigger the acceleration of the principal and interest outstanding under the 2019 Notes. The complaint seeks a declaratory judgment that (i) a Fundamental Change occurred, (ii) we improperly failed to issue a Fundamental Change Company Notice (as defined in the Indenture), (iii) an Event of Default has occurred (as defined in the Indenture), (iv) the Notes have been accelerated, (v) outstanding principal and outstanding unpaid interest on the Notes became immediately due and payable as of June 11, 2018 and (vi) post-judgment interest shall accrue at the statutory rate from the date of declaratory judgment. We intend to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the BNY Action at this time, and we can give no assurance that the asserted claims will not have a material adverse effect on our financial position or results of operations.

Except as set forth above, we are not currently subject to any legal proceedings that could have a material adverse effect on our operations; however, we may from time to time become a party to various legal proceedings arising in the ordinary course of its business. The Company is currently the plaintiff in several patent infringement cases. The defendants in several of these cases have filed counterclaims. Although we cannot predict the outcome of the cases at this time due to the inherent uncertainties of litigation, we continue to pursue our claims and believe that the counterclaims are without merit, and we intend to defend all of such counterclaims.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable.

PART II

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

Market Information

As of December 31, 2017, our common stock was traded and listed on the Nasdaq Global Select Market under the symbol "SNCR." The following table sets forth, for each period during the past two years, the high and low sale prices as reported by Nasdaq.

	Common Stock			
	2017		2016	
	High	Low	High	Low
First Quarter	$ 40.28	$ 23.59	$ 35.42	$ 20.33
Second Quarter	$ 24.92	$ 10.11	$ 37.98	$ 28.73
Third Quarter	$ 17.09	$ 8.71	$ 43.65	$ 31.45
Fourth Quarter	$ 15.69	$ 8.48	$ 49.94	$ 36.00

As of December 31, 2017, there were approximately 53 named holders of record of our common stock as according to our transfer agent. 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 banks, brokers and other nominees. On December 31, 2017, the last reported sale price of our common stock as reported on the Nasdaq Global Select Market was $8.94 per share.

On May 11, 2018, the Company received a notification letter from Nasdaq indicating that trading in the Company's common stock was suspended effective at the open of business on May 14, 2018. The Panel also determined to delist the Company's shares from Nasdaq after applicable appeal periods have lapsed. The Company has appealed the decision to the Nasdaq Listing and Hearing Review Council. Trading in the Company's common stock on Nasdaq remains suspended and Nasdaq will not delist the Company's common stock during the appeal process. While the Company's common stock is suspended from trading on Nasdaq, the Company's shares are currently quoted on the OTC Markets under the trading symbol SNCR.

Dividend Policy

Common Stock

We have never declared or paid cash dividends on our common equity. We do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our Board of Directors may deem relevant.

Preferred Stock

There are no shares of preferred stock outstanding as of December 31, 2017 or 2016.

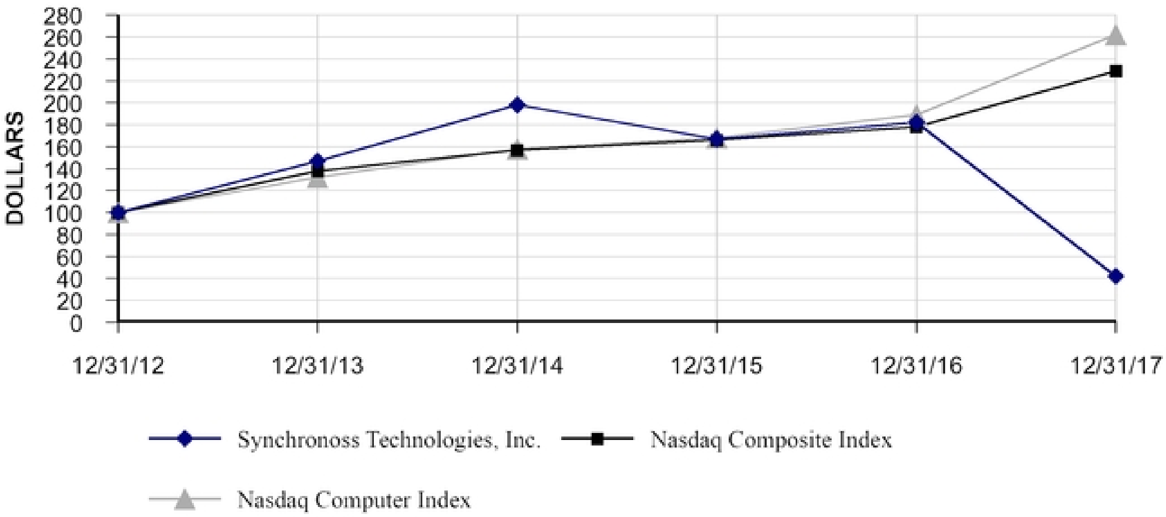
On February 15, 2018, the Company issued to Silver 185,000 shares of our newly issued Series A Preferred Stock, par value 0.0001 per share. Under the Series A Certificate, the holders of the Series A Preferred Stock are entitled to receive, on each share of Series A Preferred Stock on a quarterly basis, an amount equal to the dividend rate of 14.5% divided by four and multiplied by the then-applicable Liquidation Preference (as defined in the Series A Certificate) per share of Series A Preferred Stock (collectively, the "Preferred Dividends"). The Preferred Dividends are due on January 1, April 1, July 1 and October 1 of each year (each, a "Series A Dividend Payment Date"). The Company may choose to pay the Preferred Dividends in cash or in additional shares of Series A Preferred Stock. In the event we do not declare and pay a dividend in-kind or in cash on any Series A Dividend Payment Date, the unpaid amount of the Preferred Dividend will be added to the Liquidation Preference. In addition, the Series A Preferred Stock participates in dividends declared and paid on shares of the Company's common stock.

Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on our common stock between December 31, 2012 and December 31, 2017, with the cumulative total return of (i) the Nasdaq Computer Index and (ii) the Nasdaq Composite Index, over the same period. This graph assumes the investment of $100 on December 31, 2012 in our common stock, the Nasdaq Computer Index and the Nasdaq Composite Index, and assumes the reinvestment of dividends, if any. The graph assumes the initial value of our common stock on December 31, 2012 was the closing sales price of $21.09 per share.

The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock.

Information used in the graph was obtained from Nasdaq, a source believed to be reliable, but we are not responsible for any errors or omissions in such information.



	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17
Synchronoss Technologies, Inc.	100	147	198	167	182	42
Nasdaq Composite Index	100	138	157	166	178	229
Nasdaq Computer Index	100	132	158	168	189	262

Issuer Purchases of Equity Securities

During the year ended December 31, 2017, there were no repurchases of our common stock.

Equity Compensation Plan Information

For equity compensation information, refer to Part III, Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” of this Form 10-K.

ITEM 6. *SELECTED FINANCIAL DATA*

The following selected financial data should be read in conjunction with our consolidated financial statements and related notes and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial data included elsewhere in this Form 10-K. The selected statements of operations data for the years ended December 31, 2017, 2016 and 2015 and the selected balance sheet data as of December 31, 2017 and 2016 are derived from our consolidated audited financial statements. The Consolidated Balance Sheet as of December 31, 2016 and the Consolidated Statements of Operations for the years ended December 31, 2016 and 2015 have been restated, as described in *Note 2 - Restatement of Previously Issued Consolidated Financial Statements* of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K. The Consolidated Statements of Operations data for the years ended December 31, 2014 and 2013 and the balance sheet data as of December 31, 2015, 2014 and 2013 have been restated to reflect the impact of the adjustments resulting from the restatement. Such amounts are unaudited. Our historical results are not necessarily indicative of future results.

Restatement Background

In connection with the preparation of the Company’s Form 10-Q for the first quarter of 2017, the Audit Committee, authorized the Audit Committee Investigation. The Audit Committee Investigation addressed transactions requiring restatement, other areas of accounting, internals control over financial reporting and employee conduct.

During the preparation of the Form 10-Q for the first quarter of 2017, the Company’s new CEO and CFO, together with the Audit Committee, conducted a preliminary review of certain prior period accounting. Based on the results of that preliminary review, the Audit Committee directed that two complementary processes be undertaken. First, in the second quarter of 2017, the Audit Committee commenced an internal investigation of certain matters related to the accounting during prior periods. The investigation was undertaken with the assistance of outside counsel, who received assistance from outside forensic accounting consultants. The internal investigation is complete, although the Company's outside counsel continue to provide forensic and investigative support in connection with certain proceedings discussed in Part I, Item 3 “Legal Proceedings”, in this Form 10-K.

Based on findings of the internal investigation, the Company disclosed as part of a Form 8-K filed on June 13, 2017 that it had identified errors in recognizing revenue for certain software license transactions, and that the impact of these errors, in the aggregate, was material to the Company’s previously filed financial statements for fiscal years 2016 and 2015. In addition, the Company disclosed that it had determined that it had identified a material weakness in its internal controls in financial reporting related to revenue recognition.

As part of the second process, which the Company commenced in June 2017, the Audit Committee directed management to conduct a thorough review of the Company's financial records for fiscal years 2016, 2015 and 2014 to determine whether further adjustments were necessary. This review, which was conducted with the assistance of separate outside consultants, identified additional misstatements, including additional misstatements related to revenue recognition, as described further below. As a result of the identification of these additional adjustments, the Company disclosed as part of a Form 8-K filed on October 12, 2017 that the Company's financial statements for 2014 should no longer be relied upon and would require restatement.

As part of the Company’s review of its financial records, the Company identified material weakness in internal control over financial reporting related to the control environment, risk assessment, information and communication, and monitoring. For further information regarding these material weaknesses, please see Item 9A “Controls and Procedures” in this Form 10-K.

	Year Ended December 31,				
	2017	2016	2015†	2014†	2013†
				(Unaudited)	
		(As Restated)	(As Restated)	(As Restated)	(As Restated)
	(In thousands, except per share data)				
Statements of Operations Data:					
Net revenues	$ 402,361	$ 426,294	$ 372,561	$ 233,416	$ 215,316
Loss from continuing operations	(129,602)	(122,604)	(37,113)	(81,450)	(29,280)
Net loss from continuing operations	(194,224)	(93,869)	(37,782)	(80,557)	(19,686)
Net (loss) income attributable to noncontrolling interests	(9,291)	(15,203)	(628)	—	—
Net loss from continuing operations attributable to Synchronoss	(184,933)	(78,666)	(37,154)	(80,557)	(19,686)
Net loss applicable to shares of common stock for diluted earnings per share	$ (184,933)	$ (78,666)	$ (37,154)	$ (80,557)	$ (19,686)
Basic per share:					
Continuing operations	$ (4.14)	$ (1.81)	$ (0.88)	$ (1.99)	$ (0.51)
Diluted:					
Continuing operations	$ (4.14)	$ (1.81)	$ (0.88)	$ (1.99)	$ (0.51)
Weighted-average common shares outstanding:					
Basic	44,669	43,551	42,284	40,418	38,891
Diluted	44,669	43,551	42,284	40,418	38,891

† These amounts have been adjusted to exclude discontinued operations for the divestiture of the Company's BPO business in the fourth quarter of 2016. (See *Note 4 - Acquisitions and Divestitures* of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for additional information.)

	As of December 31,				
	2017	2016	2015	2014	2013
				(Unaudited)	
		(As Restated)	(As Restated)	(As Restated)	(As Restated)
	(In thousands)				
Balance Sheet Data:					
Cash, cash equivalents, restricted cash and marketable securities	$ 249,236	$ 226,913	$ 233,864	$ 290,377	$ 77,605
Working capital	178,493	186,488	265,975	287,938	91,695
Total assets	965,411	1,054,351	931,562	836,865	520,642
Contingent consideration obligation - long term	—	—	930	—	4,468
Lease financing obligation - long term	11,183	12,450	13,391	9,579	10,403
Convertible debt, net of debt issuance costs	227,704	226,291	224,878	223,465	—
Redeemable noncontrolling interest	25,280	25,280	25,280	—	—
Total stockholders’ equity	463,587	529,797	505,323	463,464	436,276

Description of Restatement Matters and Restatement Adjustments

The individual restatement matters that underlie the restatement adjustments are described below. The restatement adjustments also affect periods prior to 2015 and such adjustments have been reflected in the restated opening stockholders' equity balances as of January 1, 2015.

Revenue Recognition Adjustments Related to Hosting Services

The Company typically sells hosting services to its subscription services customers, as well as to certain software license customers. As part of the Company's review of its historical accounting, it has determined that adjustments are required related to certain transactions in each of these two categories of customers that purchase hosting services.

It was observed that in certain instances, the Company has historically entered into hosting arrangements that included various components to the fee structure with certain fees accelerated during the initial years of the arrangement. Historically, the Company recognized the accelerated fees as billed and maintenance and support fees were recognized on a straight-line basis through the term of the arrangement. However, the Company has determined to revise its accounting treatment for certain hosting services to reflect revenue recognition on a straight-line basis for such fees over the appropriate period of time during which (i) the benefits of hosting services were provided to the customer or (ii) the customer benefited from the set-up fees. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby there has been a deferral of a portion of the accelerated fees out of the initial period of the arrangement, and recognition of those deferred amounts in the later periods of the hosting services arrangement.

In the case of certain perpetual software license customers, the Company historically recognized the perpetual software license fee revenue on an upfront basis. The Company has determined to revise its accounting treatment of that software license fee revenue to recognize it ratably over a period of time due to the inclusion of hosting services, as part of the same multiple element arrangement. In certain of these cases, the Company had entered into a separate hosting services contract with the customer that the Company has now determined should have been combined with the software license agreement and treated as part of a larger multiple element arrangement.

In accordance with the software revenue recognition rules, since the Company cannot establish vendor specific objective evidence of fair value of the hosting services, the software license element cannot be separated from the hosting services. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby the bundled arrangement fees have been recognized ratably over the economic life of the hosting services.

Revenue Recognition Adjustments Related to Establishing Persuasive Evidence of an Arrangement

The Company historically has had, and continues to have, contractual arrangements with certain customers whereby there is an established master services agreement that includes general terms and conditions. Such master services agreements contemplate the delivery by the customer of purchasing documentation for purposes of completing orders, indicating the nature, price and quantity of products and services ordered. In certain cases, the Company historically formed a view that persuasive evidence of an arrangement existed relating to such orders based upon its receipt from a customer of written confirmation of the order and commitment to pay the agreed price, such as a quote approval sent by the customer in response to a quote issued by the Company, but prior to that customer's subsequent delivery to the Company an executed statement of work or, in some instances, a purchase order, pursuant to a master services agreement.

The Company has determined, in certain situations, to revise the timing of revenue recognition to when it received final formal contract documentation, which occurred in a future period. In those cases where the adjustment to defer revenue has been recorded prior to when cash payment was received from the customer, the balance sheet impact has been to reduce the related accounts receivable balance, whereas the balance sheet impact of these adjustments after the receipt of cash payment from the customer has been to increase accrued liabilities.

The Company also adjusted revenue recognition in connection with certain other transactions, including (i) where the payment obligation on the date of sale was found not to have been fixed and determinable; (ii) where collectibility was not reasonably assured; (iii) where the software delivered to the customer was ultimately deemed not to have met acceptance criteria, or (iv) where formal acceptance was not obtained. The Audit Committee Investigation discovered a few instances where there were additional arrangements entered into that were not properly disclosed to the Company's accounting group and, consequently, its independent external auditors. Those instances affected a small percentage of the revenue being restated. Following such discovery, the Company's management terminated for cause three employees who participated in, or condoned, such conduct.

In certain situations, these adjustments represent issues related to the timing of revenue recognition, while in other cases, these adjustments represent amounts that had subsequently been written-off to bad debt expense (whereby now both the revenue and the related bad debt expense has been reversed).

Adjustments Related to Accounting for Acquisitions and Divestiture

The Company has identified and corrected errors related to fees received under license agreements entered into with parties of certain historical acquisitions and a divestiture. In each case, the Company had originally treated the license agreement as a separate transaction and recorded the license fees on a gross basis as revenue. The Company has determined to revise its accounting treatment of the license arrangements to record the license fees as part of the accounting for the acquisition or divestiture, as follows:

- In certain cases, the Company entered into a license agreement as part of settling prior intellectual property infringement claims against an acquired entity and/or its selling parent company and affiliates. Historically, the Company had recognized these license fees separately as revenue. However, the Company has determined to net these license fees against the consideration paid as part of the acquisitions, resulting in a reduction of the goodwill and/or intangible assets recorded in purchase accounting.
- The Company's consolidated joint venture Zentry and the Company's partner in that joint venture entered into a license agreement in December 2015 at the same time as the formation of the joint venture. Historically, the Company recorded the license fees as revenue separately from the Zentry formation. The Company has determined to net these license fees against the cash contributions paid as part of the joint venture formation, resulting in a reduction of the goodwill and intangible assets recorded in purchase accounting.
- The Company entered into a licensing agreement in December 2016 with STIN shortly after closing the divestiture of its activation business to STIH. Historically, the Company recorded the license fees as revenue separately from the accounting for the divestiture. The Company has determined to classify these license fees as additional gain on sale of the activation exception handling business.
- The Company made adjustments to reduce the contingent consideration payable to shareholders of Razorsight, which was acquired by the Company in August 2015, and the related losses previously recorded to adjust that liability to fair value, as a result of the determination that many of the sales of Razorsight software that had originally been included in the earn-out calculation have now been adjusted as part of the restatement.
- The Company made adjustments to record the fair value of the Company's guarantee of certain of STIN's debt as part of the divestiture of its activation exception handling business to STIH in December 2016, to record the sellers note extended in the transaction at fair value, and to adjust certain receivables and other assets sold in the transaction.
- The Company made certain adjustments to the opening balances of Openwave and SNCR, LLC; impacting deferred revenue, goodwill and intangibles. Adjustments in deferred revenue and intangibles were reported post-acquisition as revenues and costs were realized.

Other Adjustments and Capitalized Software

The Company also identified and corrected certain errors in the amounts reported as capitalized software development. These adjustments were primarily around (i) the recognition of impairment or immediate expensing of certain previously capitalized software development costs and (ii) revisions of amounts capitalized and the timing of when such capitalized costs are amortized. Adjustments pertaining to capitalized software development were driven primarily due to misalignment on the unit of account being measured in tracking project progress and ultimately general release as well as the appropriateness of the capitalization of certain administrative costs.

The Company also identified and corrected certain other errors, primarily due to timing of recognition of (i) stock-based compensation arrangements, (ii) accruals and reserves and (iii) impairment charges. Impairment charges were primarily due to long-lived asset impairments realized on SNCR, LLC assets, due to continued delays in product development and sales. Additionally, the Company identified certain prior year balance sheet classification adjustments requiring, the most significant of which a reclassification between cash and restricted cash due to certain contractual restrictions on cash balances, and reclassifications between treasury stock and additional paid-in-capital due to share issuances from the Company's common stock pool, rather than its treasury stock.

Income Taxes

The Company recorded adjustments to income taxes to reflect the impact of the restatement adjustments, as well as a discrete tax adjustment to record a valuation allowance at a specific foreign jurisdiction in an earlier year then the originally filed conclusion. See *Note 17 - Income Taxes* for discussion of the related impact to the Company's effective tax rate.

Quarterly Financial Information (Unaudited)

The net effect of the restatement on the Company's previously reported consolidated financial statements, as of the quarters ended March 31, June 30 and September 30, 2016 and 2015 (unaudited), are included in *Note 19 - Summary of Quarterly Results of Operations (Unaudited).* Form 10-Q's for the quarters ended March 31, 2017, June 30, 2017, and September 30, 2017 will be filed with the SEC concurrently with this Form 10-K.

The following table presents the Consolidated Statement of Operations as previously reported, restatement adjustments and the consolidated statement of operations as restated for the year ended December 31, 2016:

		Adjustments					
	As Previously Reported **	**Revenue - Hosting**	**Revenue - Evidence of Arrangement and Other Revenue**	**Acquisitions & Divestiture**	**Capitalized Software and Other**	**Income Taxes**	**As Restated**
Net revenues	$ 476,750	$ (39,492)	$ 9,435	$ (20,399)	$ —	$ —	$ 426,294
Loss from continuing operations	(71,809)	(39,647)	13,905	(6,629)	(18,424)	—	(122,604)
Net (loss) income from continuing operations	(66,541)	(39,647)	14,158	(7,425)	(18,669)	24,255	(93,869)
Net loss attributable to noncontrolling interests	(11,596)	—	—	—	(3,607)	—	(15,203)
Net income (loss) from continuing operations attributable to Synchronoss	(54,945)	(39,647)	14,158	(7,425)	(15,062)	24,255	(78,666)
Net (loss) income applicable to shares of common stock for diluted earnings per share	(54,945)	(39,647)	14,158	(7,425)	(15,062)	24,255	(78,666)
Basic							
Continuing operations	$ (1.26)						$ (1.81)
Diluted							
Continuing operations	$ (1.26)						$ (1.81)
Weighted-average common shares outstanding:							
Basic	43,571						43,551

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

The following table presents the Consolidated Statement of Operations as previously reported, restatement adjustments and the Consolidated Statement of Operations as restated for the year ended December 31, 2015:

		Adjustments					
	As Previously Reported **	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Restated
Net revenues	$ 428,117	$ (26,908)	$ 1,442	$ (30,090)	$ —	$ —	$ 372,561
(Loss) income from continuing operations	15,131	(26,908)	4,484	(30,692)	872	—	(37,113)
Net (loss) income from continuing operations	6,415	(26,908)	3,898	(30,708)	1,175	8,346	(37,782)
Net income attributable to noncontrolling interests	6,052	—	—	—	(6,680)	—	(628)
Net income (loss) from continuing operations attributable to Synchronoss	363	(26,908)	3,898	(30,708)	7,855	8,346	(37,154)
Net (loss) income applicable to shares of common stock for diluted earnings per share	363	(26,908)	3,898	(30,708)	7,855	8,346	(37,154)
Basic							
Continuing operations	$ 0.01						$ (0.88)
Diluted							
Continuing operations	$ 0.01						$ (0.88)
Weighted-average common shares outstanding:							
Basic	42,284						42,284

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations as adjusted for the year ended December 31, 2014:

(Unaudited)		Adjustments					
	As Previously Reported **	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 307,301	$ (14,563)	$ (53,322)	$ (6,000)	$ —	$ —	$ 233,416
Loss from continuing operations	(3,541)	(14,563)	(53,322)	(5,960)	(4,064)	—	(81,450)
Net (loss) income from continuing operations	(2,023)	(14,563)	(53,337)	(5,960)	(4,674)	—	(80,557)
Net income (loss) from continuing operations attributable to Synchronoss	(2,023)	(14,563)	(53,337)	(5,960)	(4,674)	—	(80,557)
Net (loss) income applicable to shares of common stock for diluted earnings per share	(2,023)	(14,563)	(53,337)	(5,960)	(4,674)	—	(80,557)
Basic							
Continuing operations	$ (0.05)						$ (1.99)
Diluted							
Continuing operations	$ (0.05)						$ (1.99)
Weighted-average common shares outstanding:							
Basic	40,418						40,418

* Cost of services excludes depreciation and amortization which is shown separately.
** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations as adjusted for the year ended December 31, 2013:

(Unaudited)		Adjustments					
	As Previously Reported **	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 225,368	$ (5,544)	$ (4,508)	$ —	$ —	$ —	$ 215,316
(Loss) income from continuing operations	(19,305)	(5,544)	(4,508)	—	77	—	(29,280)
Net (loss) income from continuing operations	(9,711)	(5,544)	(4,508)	—	77	—	(19,686)
Net income (loss) from continuing operations attributable to Synchronoss	(9,711)	(5,544)	(4,508)	—	77	—	(19,686)
Net (loss) income applicable to shares of common stock for diluted earnings per share	(9,711)	(5,544)	(4,508)	—	77	—	(19,686)
Basic							
Continuing operations	$ (0.25)						$ (0.51)
Diluted							
Continuing operations	$ (0.25)						$ (0.51)
Weighted-average common shares outstanding:							
Basic	38,891						38,891

* Cost of services excludes depreciation and amortization which is shown separately.
** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

The following table presents the Consolidated Balance Sheet as previously reported, restatement adjustments and the Consolidated Balance Sheet as restated at December 31, 2016:

	As Previously Reported	Adjustments					As Restated
		Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	
Balance Sheet Data:							
Cash, cash equivalents, restricted cash and marketable securities	$ 226,498	$ —	$ —	$ —	$ 415	$ —	$ 226,913
Working capital	210,846	(33,742)	(41,632)	20,720	26,913	3,383	186,488
Total assets	1,164,729	(344)	(36,509)	(67,748)	(18,003)	12,226	1,054,351
Lease financing obligation - long term	12,121	—	—	41	288	—	12,450
Convertible debt, net of debt issuance costs	226,291	—	—	—	—	—	226,291
Redeemable noncontrolling interest	49,856	—	—	(28,813)	4,237	—	25,280
Total stockholders' equity	657,115	(86,707)	(42,163)	(27,560)	(25,741)	54,853	529,797

The following table presents the Consolidated Balance Sheet as previously reported, restatement adjustments and the Consolidated Balance Sheet as adjusted at December 31, 2015:

	As Previously Reported (Adjusted)	Adjustments					As Adjusted
		Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	
Balance Sheet Data:							
Cash, cash equivalents, restricted cash and marketable securities	$ 233,626	$ —	$ —	$ —	$ 238	$ —	$ 233,864
Working capital	326,765	(9,293)	(52,214)	2,033	(3,470)	2,154	265,975
Total assets	1,010,228	(64)	(29,251)	(66,028)	(188)	16,865	931,562
Contingent consideration obligation - long term	930	—	—	—	—	—	930
Lease financing obligation - long term	13,343	—	—	48	—	—	13,391
Convertible debt, net of debt issuance costs	224,878	—	—	—	—	—	224,878
Redeemable noncontrolling interest	61,452	—	—	(29,150)	(7,022)	—	25,280
Total stockholders' equity	609,814	(47,062)	(55,793)	(37,640)	3,985	32,019	505,323

The following table presents the Consolidated Balance Sheet (Unaudited) as previously reported, restatement adjustments and the Consolidated Balance Sheet as adjusted at December 31, 2014:

(Unaudited)	As Previously Reported (Adjusted)	Adjustments					As Adjusted
		Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	
Balance Sheet Data:							
Cash, cash equivalents, restricted cash and marketable securities	$ 290,377	$ —	$ —	$ —	$ —	$ —	$ 290,377
Working capital	354,298	(5,326)	(58,941)	—	(4,677)	2,584	287,938
Total assets	862,822	—	(22,041)	(5,960)	(7,123)	9,167	836,865
Lease financing obligation - long term	9,204	—	—	—	375	—	9,579
Convertible debt, net of debt issuance costs	230,000	—	—	—	(6,535)	—	223,465
Total stockholders' equity	529,107	(20,152)	(60,238)	(5,960)	(3,901)	24,608	463,464

The following table presents the Consolidated Balance Sheet (Unaudited) as previously reported, restatement adjustments and the Consolidated Balance Sheet as adjusted at December 31, 2013:

(Unaudited)	As Previously Reported (Adjusted)	Adjustments					As Adjusted
		Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	
Balance Sheet Data:							
Cash, cash equivalents, restricted cash and marketable securities	$ 77,605	$ —	$ —	$ —	$ —	$ —	$ 77,605

Working capital	98,786	(133)	(7,146)	—	(1)	189	91,695
Total assets	527,019	—	(4,677)	—	77	(1,777)	520,642
Contingent consideration obligation - long term	4,468	—	—	—	—	—	4,468
Lease financing obligation - long term	9,252	—	—	—	1,151	—	10,403
Total stockholders' equity	447,639	(5,589)	(7,146)	—	76	1,296	436,276

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. The discussions give effect to the restatement adjustments made to the previously reported Consolidated Financial Statements for the years ended December 31, 2016 and December 31, 2015. For additional information and a detailed discussion of the restatement, see "Note 2 Restatement of Previously Issued Consolidated Financial Statements" of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K. The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and the related notes included in Item 8 "Financial Statements and Supplementary Data" of this Form 10-K.

Restatement of Previously Issued Consolidated Financial Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations have been updated to reflect the effects of the restatement described in *Note 2 - Restatement of Previously Issued Consolidated Financial Statements* of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K. Within this section, we have also included a discussion of restated results for the three unaudited quarters of fiscal 2016 and the three unaudited quarters of fiscal 2015. In addition, we have also included our restated financial statements for the unaudited quarters of fiscal 2016 and 2015 following our fiscal year 2016 financial statements in Item 8, "Financial Statements and Supplementary Data - Summary of Quarterly Financial Statements" in this Form 10-K.

In connection with the preparation of the Company's Form 10-Q for the first quarter of 2017, the Audit Committee authorized the Audit Committee Investigation. The Audit Committee Investigation addressed transactions requiring restatement, other areas of accounting, internals control over financial reporting and employee conduct.

During the preparation of the Company's Form 10-Q for the first quarter of 2017, the Company's new CEO and CFO, together with the Audit Committee, conducted a preliminary review of certain prior period accounting. Based on the results of that preliminary review, the Audit Committee directed that two complementary processes be undertaken. First, in the second quarter of 2017, the Audit Committee commenced an internal investigation of certain matters related to the accounting during prior periods. The investigation was undertaken with the assistance of outside counsel, who received assistance from outside forensic accounting consultants. The internal investigation is complete, although the Company's outside counsel continue to provide forensic and investigative support in connection with certain proceedings discussed in Part I, Item 3 "Legal Proceedings", in this Form 10-K.

Based on findings of the internal investigation, the Company disclosed as part of a Form 8-K filed on June 13, 2017 that it had identified errors in recognizing revenue for certain software license transactions, and that the impact of these errors, in the aggregate, was material to the Company's previously filed financial statements for fiscal years 2016 and 2015. In addition, the Company disclosed that it had determined that it had identified a material weakness in its internal controls in financial reporting related to revenue recognition.

As part of the second process, which the Company commenced in June 2017, the Audit Committee directed management to conduct a thorough review of the Company's financial records for fiscal years 2016, 2015 and 2014 to determine whether further adjustments were necessary. This review, which was conducted with the assistance of separate outside consultants, identified additional misstatements, including additional misstatements related to revenue recognition, as described further below. As a result of the identification of these additional adjustments, the Company disclosed as part of a Form 8-K filed on October 12, 2017 that the Company's financial statements for 2014 should no longer be relied upon and would require restatement.

As part of the Company's review of its financial records, the Company identified material weakness in internal control over financial reporting related to the control environment, risk assessment, information and communication, and monitoring. For further information regarding these material weaknesses, please see Item 9A "Controls and Procedures" in this Form 10-K.

The individual restatement matters that underlie the restatement adjustments are described below. The restatement adjustments also affect periods prior to 2015 and such adjustments have been reflected in the restated opening stockholders' equity balances as of January 1, 2015.

Revenue Recognition Adjustments Related to Hosting Services

The Company typically sells hosting services to its subscription services customers, as well as to certain software license customers. As part of the Company's review of its historical accounting, it has determined that adjustments are required related to certain transactions in each of these two categories of customers that purchase hosting services.

It was observed that in certain instances, the Company has historically entered into hosting arrangements that included various components to the fee structure with certain fees accelerated during the initial years of the arrangement. Historically, the Company recognized the accelerated fees as billed and maintenance and support fees were recognized on a straight-line basis through the term of the arrangement. However, the Company has determined to revise its accounting treatment for certain hosting services to reflect revenue recognition on a straight-line basis for such fees over the appropriate period of time during which (i) the benefits of hosting services were provided to the customer or (ii) the customer benefited from the set-up fees. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby there has been a deferral of a portion of the accelerated fees out of the initial period of the arrangement, and recognition of those deferred amounts in the later periods of the hosting services arrangement.

In the case of certain perpetual software license customers, the Company historically recognized the perpetual software license fee revenue on an upfront basis. The Company has determined to revise its accounting treatment of that software license fee revenue to recognize it ratably over a period of time due to the inclusion of hosting services, as part of the same multiple element arrangement. In certain of these cases, the Company had entered into a separate hosting services contract with the customer that the Company has now determined should have been combined with the software license agreement and treated as part of a larger multiple element arrangement.

In accordance with the software revenue recognition rules, since the Company cannot establish vendor specific objective evidence of fair value of the hosting services, the software license element cannot be separated from the hosting services. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby the bundled arrangement fees have been recognized ratably over the economic life of the hosting services.

Revenue Recognition Adjustments Related to Establishing Persuasive Evidence of an Arrangement

The Company historically has had, and continues to have, contractual arrangements with certain customers whereby there is an established master services agreement that includes general terms and conditions. Such master services agreements contemplate the delivery by the customer of purchasing documentation for purposes of completing orders, indicating the nature, price and quantity of products and services ordered. In certain cases, the Company historically formed a view that persuasive evidence of an arrangement existed relating to such orders based upon its receipt from a customer of written confirmation of the order and commitment to pay the agreed price, such as a quote approval sent by the customer in response to a quote issued by the Company, but prior to that customer's subsequent delivery to the Company an executed statement of work or, in some instances, a purchase order, pursuant to a master services agreement.

The Company has determined, in certain situations, to revise the timing of revenue recognition to when it received final formal contract documentation, which occurred in a future period. In those cases where the adjustment to defer revenue has been recorded prior to when cash payment was received from the customer, the balance sheet impact has been to reduce the related accounts receivable balance, whereas the balance sheet impact of these adjustments after the receipt of cash payment from the customer has been to increase accrued liabilities.

The Company also adjusted revenue recognition in connection with certain other transactions, including (i) where the payment obligation on the date of sale was found not to have been fixed and determinable; (ii) where collectibility was not reasonably assured; (iii) where the software delivered to the customer was ultimately deemed not to have met acceptance criteria, or (iv) where formal acceptance was not obtained. The Audit Committee Investigation discovered a few instances where there were additional arrangements entered into that were not properly disclosed to the Company's accounting group and, consequently, its independent external auditors. Those instances affected a small percentage of the revenue being restated. Following such discovery, the Company's management terminated for cause three employees who participated in, or condoned, such conduct.

In certain situations, these adjustments represent issues related to the timing of revenue recognition, while in other cases, these adjustments represent amounts that had subsequently been written-off to bad debt expense (whereby now both the revenue and the related bad debt expense has been reversed).

Adjustments Related to Accounting for Acquisitions and Divestiture

The Company has identified and corrected errors related to fees received under license agreements entered into with parties of certain historical acquisitions and a divestiture. In each case, the Company had originally treated the license agreement as a separate transaction and recorded the license fees on a gross basis as revenue. The Company has determined to revise its accounting treatment of the license arrangements to record the license fees as part of the accounting for the acquisition or divestiture, as follows:

- In certain cases, the Company entered into a license agreement as part of settling prior intellectual property infringement claims against an acquired entity and/or its selling parent company and affiliates. Historically, the Company had recognized these license fees separately as revenue. However, the Company has determined to net these license fees against the consideration paid as part of the acquisitions, resulting in a reduction of the goodwill and/or intangible assets recorded in purchase accounting.
- The Company's consolidated joint venture Zentry and the Company's partner in that joint venture entered into a license agreement in December 2015 at the same time as the formation of the joint venture. Historically, the Company recorded the license fees as revenue separately from the Zentry formation. The Company has determined to net these license fees against the cash contributions paid as part of the joint venture formation, resulting in a reduction of the goodwill and intangible assets recorded in purchase accounting.
- The Company entered into a licensing agreement in December 2016 with STIN shortly after closing the divestiture of its activation business to STIH. Historically, the Company recorded the license fees as revenue separately from the accounting for the divestiture. The Company has determined to classify these license fees as additional gain on sale of the activation exception handling business.
- The Company made adjustments to reduce the contingent consideration payable to shareholders of Razorsight, which was acquired by the Company in August 2015, and the related losses previously recorded to adjust that liability to fair value, as a result of the determination that many of the sales of Razorsight software that had originally been included in the earn-out calculation have now been adjusted as part of the restatement.
- The Company made adjustments to record the fair value of the Company's guarantee of certain of STIN's debt as part of the divestiture of its activation exception handling business to STIH in December 2016, to record the sellers note extended in the transaction at fair value, and to adjust certain receivables and other assets sold in the transaction.
- The Company made certain adjustments to the opening balances of Openwave and SNCR, LLC; impacting deferred revenue, goodwill and intangibles. Adjustments in deferred revenue and intangibles were reported post-acquisition as revenues and costs were realized.

Other Adjustments and Capitalized Software

The Company also identified and corrected certain errors in the amounts reported as capitalized software development. These adjustments were primarily around (i) the recognition of impairment or immediate expensing of certain previously capitalized software development costs and (ii) revisions of amounts capitalized and the timing of when such capitalized costs are amortized. Adjustments pertaining to capitalized software development were driven primarily due to misalignment on the unit of account being measured in tracking project progress and ultimately general release as well as the appropriateness of the capitalization of certain administrative costs.

The Company also identified and corrected certain other errors, primarily due to timing of recognition of (i) stock-based compensation arrangements, (ii) accruals and reserves and (iii) impairment charges. Impairment charges were primarily due to long-lived asset impairments realized on SNCR, LLC assets, due to continued delays in product development and sales. Additionally, the Company identified certain prior year balance sheet classification adjustments requiring, the most significant of which a reclassification between cash and restricted cash due to certain contractual restrictions on cash balances, and reclassifications between treasury stock and additional paid-in-capital due to share issuances from the Company's common stock pool, rather than its treasury stock.

Income Taxes

The Company recorded adjustments to income taxes to reflect the impact of the restatement adjustments, as well as a discrete tax adjustment to record a valuation allowance at a specific foreign jurisdiction in an earlier year then the originally filed conclusion. See *Note 17 - Income Taxes* for discussion of the related impact to the Company's effective tax rate.

Revenues

We generate a majority of our revenues on a per transaction or subscription basis, which is derived from contracts that extend up to 60 months from execution which provide various services including cloud-based solutions, activation solutions, messaging solutions and analytics.

The percentage of revenue derived from subscription revenue in each of the years ended December 31, 2017, 2016 and 2015, respectively was 66%, 60% and 58%. The percentage of revenue derived from professional services revenue in each of the years ended December 31, 2017, 2016 and 2015, respectively was 15%, 27% and 28%. The percentage of revenue derived from transaction revenue in each of the years ended December 31, 2017, 2016 and 2015, respectively was 8%, 9% and 11%. The percentage of revenue derived from license revenue in each of the years ended December 31, 2017, 2016 and 2015, respectively was 9%, 4% and 2%. The percentage of revenue derived from all other revenues in each of the years ended December 31, 2017, 2016 and 2015, respectively was 2%, 0% and 1%.

The future success of our business depends on the continued growth of B2B and Business to Business to Consumer driving customer transactions, and continued expansion of our platforms into the TMT market globally through Digital Transformation, Messaging, Cloud and IoT markets. As such, the volume of transactions and our ability to expand our footprint in TMT and globally may result in revenue fluctuations on a quarterly basis.

Most of our revenues are recorded in U.S. dollars but as we continue to expand our footprint with telecommunication and mobile carriers around the globe, we will become subject to currency translation that could affect our future net sales as reported in U.S. dollars.

Our top five customers accounted for 73%, 74% and 82% of net revenues for the years ended December 31, 2017, 2016 and 2015, respectively. Contracts with these customers typically run for three to five years. Of these customers, Verizon accounted for more than 10% of our revenues in 2017. The loss of Verizon as a customer would have a material negative impact on our company. However, we believe that Verizon would encounter substantial costs in replacing Synchronoss' solution.

Key Developments

Intralinks Acquisition and Divestiture

On January 19, 2017, we completed the acquisition of Intralinks. In connection with the acquisition, we entered into a $900.0 million credit agreement with the lending institutions that were from time to time parties thereto and Goldman Sachs Bank USA ("Goldman"), as administrative agent, collateral agent, swingline lender and a letter of credit issuer (the "2017 Credit Agreement"). Intralinks is a global technology provider of SaaS solutions for secure enterprise content collaboration within and among organizations. Intralinks' cloud-based solutions enable organizations to securely manage, control, track, search, exchange and collaborate on sensitive information inside and outside the firewall. The total purchase price consideration consisted of the repayment of existing Intralinks indebtedness, and non-cash consideration for services rendered on unvested Intralinks equity awards that were converted into Synchronoss equity awards on the acquisition date. The acquisition was primarily funded from the proceeds of the 2017 Credit Agreement entered into on the date of acquisition.

On June 23, 2017, we received a non-binding indication of interest from Siris to acquire the Company. In light of the indication of interest, our Board of Directors decided to explore a broad range of strategic alternatives that would have the potential to unlock shareholder value. In October 2017, we concluded our review of strategic alternatives and determined that the best approach for us to achieve our goal of maximizing shareholder value was to focus on our core TMT business, divest non-core assets and improve our balance sheet strength, cash position and potential profitability. Under the terms of certain definitive agreements, investment funds affiliated with Siris acquired all of the stock of our wholly-owned subsidiary, Intralinks, for consideration of cash and an investment in convertible preferred equity of the Company.

On October 17, 2017, we announced our entry into definitive agreements for the sale of Intralinks, and the right to sell a newly created series of preferred stock of Synchronoss to affiliates of Siris. Subject to the terms and conditions set forth in a share purchase agreement, dated as of October 17, 2017 (the "Share Purchase Agreement"), among Synchronoss, Intralinks and Impala Private Holdings II, LLC, an affiliate of Siris ("Impala"), Impala agreed to acquire from us the issued and outstanding shares of common stock of Intralinks for approximately $977.3 million in cash plus a potential contingent payment of up to $25.0 million, subject to an adjustment for cash, debt and working capital (the "Intralinks Transaction"). The total amount of funds used to complete the Intralinks Transaction and related transactions and pay related fees and expenses was approximately $1.0 billion, which was funded through a combination of equity and debt financing obtained by Impala.

On November 14, 2017, we completed the sale of Intralinks and on February 15, 2018, we completed the issuance of shares of a newly created series of preferred stock of Synchronoss to affiliates of Siris. In connection with the consummation of the Intralinks divestiture, we utilized a portion of the proceeds from the Intralinks divestiture to repay all outstanding obligations under our previously existing 2017 Credit Agreement, effective as of November 14, 2017. The aggregate payoff amount was approximately $898 million and included all accrued interest, fees and prepayment penalties.

Under the terms of a share purchase agreement, the Company also provided Siris with a Siris Put Right (“Siris Put Right”), which would allow Silver to put shares held at the time, to Synchronoss at price of $14.56 per share, or $87.3 million in the aggregate.

For further details, see *Note 4 - Acquisitions and Divestitures* of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

SNCR, LLC

On November 16, 2015, we formed a venture with Goldman, referred to as SNCR, LLC in order to develop and deploy the Synchronoss Secure Mobility Suite, leveraging the technology contributed by Goldman, providing a safe, secure mobile device environment that also effectively supports BYOD. We obtained a 67% interest in SNCR, LLC in exchange for a perpetual license for the use of Workspace.

During the fourth quarter of 2017, we entered into a termination agreement with Goldman to terminate the venture, and provide a perpetual, irrevocable license of the venture’s intellectual property for use in Goldman’s back-office. As part of the agreement, the Company was relieved of any future obligations to support Goldman’s use of the software. The venture formally ended in the first quarter of 2018.

Other Acquisitions and Investments

On March 1, 2016, we acquired all outstanding shares of Openwave for $114.5 million, net of working capital adjustments and liabilities assumed, comprised of $92.5 million paid in cash and $22.0 million paid in shares of our common stock, based upon the average market value of the common stock for the ten trading days prior to the acquisition date. Openwave’s product portfolio includes its core complete messaging platform optimized for today’s most complex messaging requirements worldwide with a particular geographic strength in Asia Pacific. With this acquisition and combined with our current global footprint, we increased direct access to subscribers around the world for the Synchronoss Personal Cloud platform and bolstered our go-to-market efforts internationally.

On December 31, 2015, the Company formed a venture with MCI Communication Services and Verizon Patent and Licensing Inc. (collectively, “Verizon PLI”), referred to as Zentry with the goal of accelerating the Company’s entrance into the enterprise market by adding identity management capabilities to the Synchronoss Secure Mobility Suite. The Company obtained a 67% interest in Zentry in exchange for $48.0 million. Concurrently with the formation of the venture, Zentry entered into a non-exclusive perpetual license agreement with Verizon Sourcing, LLC, in the amount of $23.0 million, for the continued use of software for the UIS platform. This transaction was executed for the benefit of the venture and entered into concurrently with the venture formation. Accordingly, the Company accounted for the license as a reduction in the purchase price. The reduction resulted in a net purchase price of $25.0 million.

On August 4, 2015, we acquired all outstanding shares of Razorsight for $25.3 million, net of liabilities assumed. Razorsight offers cloud-based analytics solutions for communications service providers. Their cloud-based products embed advanced statistical analysis and predictive analytics to proactively pinpoint customer attrition risk, revenue opportunities, reduced telecommunication costs and better customer experiences. We believe that this acquisition strategically enhanced our product portfolio allowing us to reach a broader client base by expanding our value proposition and more deeply embedding our platforms.

On February 23, 2015, we acquired certain cloud assets from F-Secure, an online security and privacy company headquartered in Finland, for a final determined cash consideration of $49.5 million, net of liabilities assumed. This acquisition expanded our cloud services customer base.

Other Divestitures

On February 1, 2017, we completed the divestiture of our SpeechCycle business for consideration of $13.5 million to an unrelated third party. As part of the divestiture, we entered into a one-year transition services agreement with the acquirer to support various indirect activities such as customer software support, technical support services and maintenance and support services. We recorded a pre-tax gain of $4.9 million as a result of the divestiture which is included in other income (expense), net in the Consolidated Statement of Operations.

On December 29, 2016, we completed the divestiture of our Mirapoint business to an unrelated third party and recorded a pre-tax gain of $1.4 million on the sale, in other income.

On December 16, 2016, we divested of a portion of our carrier activation business to a newly formed entity named STIN with a total value of $140.8 million. In accordance with the arrangement we retained a 30% interest in STIN; the remaining 70% interest in STIN is owned by STIH, an unrelated third party formerly named Omniglobe. STIH financed the purchase of STIN with cash of $27.3 million (including $10.0 million attributable to a license), a new term loan, and a related party subordinated seller's note receivable in the amount of $69.8 million issued by the Company, which is secured by STIH's interest in STIN. The related party note receivable earns paid-in-kind ("PIK") interest at a rate equal to LIBOR plus 1100 basis points per annum and matures on June 16, 2022.

For further details regarding our recent acquisitions and divestitures, see *Note 4 - Acquisitions and Divestitures* of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

Current Trends Affecting Our Results of Operations

Business from our Synchronoss Personal Cloud solution has been driven by the growth in mobile devices globally that are becoming content rich. As these devices replace other traditional devices like PC's, the ability to securely back up content from mobile devices, sync it with other devices and share it with family, friends and business associates have become essential needs and subscriber expectations. Such devices include smartphones, connected cars, personal health and wellness devices and connected home devices. The need for the contents of these devices to be stored in a common cloud are also expected to be drivers of our business in the longer term.

Business from our traditional Synchronoss Messaging business (Email) has been driven by a resurgence in the need for white label secure messaging platforms that favor the MNO's business objectives and are not beholden to the objectives of a sponsoring OTT platform. Messaging drives higher subscriber engagement than any other application in the market today and holds the potential to stimulate new revenue from traditional services and third party brands. OTT global success has driven MNO'S to look at opportunities to preempt and compete with the OTT'S which has potential opportunity for Synchronoss. Future growth will be driven by the need of TMT companies including (and especially) MNO's to embrace MaaP to converse with subscribers in an efficient, automated way (streamlining the costs and increasing the effectiveness of self-care, as well as the yield of cross-sell upselling of service plans, devices, bundles, etc). The Synchronoss Advanced Messaging Platform provides state of the art RCS-driven features including the ability to support advanced Peer to Peer communications and introduce new revenue streams driven by commerce and advertising via Application to Person capabilities.

Companies in the TMT market all face the dilemma of attempting to pivot their businesses to digital execution in order to create experiences that meet the expectations of their subscribers, generate new revenues and streamline costs creating healthier margins at a faster time to market than they have ever operated before. Their challenges feature the lack of skill set to conceptualize and run day to day digital operations and the lack of resources to integrate their legacy back end systems to enact digital experiences that achieve their business objectives. The growth of Synchronoss Digital Platforms will be driven by the ability to provide TMT companies' desire to obtain digital transformation solutions as quickly as possible while educating them on the ability to operate a digital business efficiently. Our Platform as a Service ("PaaS") model provides a desirable alternative to heavy CAPEX spending options often tried internally. The ability for our platforms to create low/no code, new customer digital journeys, virtually on the fly, give TMT Companies the ability to operate new experiences and businesses without heavily investing in development resources.

Synchronoss Advanced Messaging, Cloud and Digital Platforms are poised to bring Internet of Things initiatives to life across MNO and TMT companies creating new use cases that will help stimulate the commercial growth of the robust potential of the IoT market. As new devices and sensors come online in connected cities, Synchronoss, partnering with carriers like AT&T, has technology to unify and harness data from legacy systems; provide analytic insights that fuel automated communications, via our Advanced Messaging Platform between sensors, devices and people; and create a common storage reservoir with our secure cloud. There is opportunity in many areas of the IoT ecosystem for Synchronoss to support utilizing our Activation, Cloud and Analytics tools.

To support our growth, which will be driven by these favorable industry trends mentioned above, we will leverage modular components from our existing software platforms to build new products. We believe that these opportunities will continue to provide future benefits and position us for future revenue growth. We are also making investments in research and development of new products designed to enable us to grow rapidly in the mobile wireless market. Our purchase of capital assets and equipment may also increase based on aggressive deployment, subscriber growth and promotional offers for free or bundled storage by our major Tier 1 carrier customers.

We continue to expand our platforms into the converging TMT, MNO, Digital and IoT spaces to enable connected devices to do more things across multiple networks, brands and communities. Our initiatives with AT&T, Verizon, Sprint, British Telecom, Softbank and other CSPs continue to grow both with regard to our current business as well as our new product offerings.We are also exploring additional opportunities through merger and acquisition activities to support our customer, product and geographic diversification strategies.

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Discussion of the Consolidated Statements of Operations

The following table presents an overview of our results of operations for the years ended December 31, 2017, 2016 and 2015:

	Year Ended December 31,			2017 vs 2016		2016 vs 2015	
	2017	**2016**	**2015**	**$ Change**	**% Change**	**$ Change**	**% Change**
(in thousands)		**(Restated)**	**(Restated)**				
Net revenues	$ 402,361	$ 426,294	$ 372,561	$ (23,933)	(6)%	$ 53,733	14 %
Cost of revenues*	181,453	194,684	154,810	(13,231)	(7)%	39,874	26 %
Research and development	90,850	114,493	92,763	(23,643)	(21)%	21,730	23 %
Selling, general and administrative	154,037	126,228	84,591	27,809	22 %	41,637	49 %
Net change in contingent consideration obligation	—	1,194	1,515	(1,194)	(100)%	(321)	(21)%
Restructuring charges	10,739	6,333	4,946	4,406	70 %	1,387	28 %
Depreciation and amortization	94,884	105,966	71,049	(11,082)	(10)%	34,917	49 %
Total costs and expenses	531,963	548,898	409,674	(16,935)	(3)%	139,224	34 %
Loss from continuing operations	$ (129,602)	$ (122,604)	$ (37,113)	$ (6,998)	6 %	$ (85,491)	230 %

* Cost of revenues excludes restructuring charges and depreciation and amortization, which are shown separately.

Net revenues decreased $23.9 million to $402.4 million for the year ended December 31, 2017, compared to the same period in 2016 due to a $38.5 million decrease in Cloud revenue due primarily to a reduction in professional fees from one of our largest cloud customers that was preparing to reposition their cloud business to focus more on its premium subscriber base, a proactive decision we made to sunset a platform previously acquired which was being used by a number of smaller customers, and the decision by a larger international customer to insource their cloud offering onto an internally built solution; partially offset by a an $13.0 million increase in Messaging revenue from new sales in the Japanese market; and a $1.6 million increase in Digital Transformation revenue from an increase in digital activation and professional services revenue, partially offset by the divestiture of the SpeechCycle business.

Net revenues increased $53.7 million to $426.3 million for the year ended December 31, 2016 compared to the same period in 2015 due to a $40.9 million increase in Messaging revenue from the 2016 acquisition of Openwave; a $5.4 million increase in Digital Transformation revenue from digital activation and professional services revenue; and a $7.5 million increase in Cloud revenue from increases in license and professional services.

Cost of revenues decreased $13.2 million to $181.5 million for the year ended December 31, 2017 compared to the same period in 2016 and increased $39.9 million to $194.7 million for the year ended December 31, 2016 compared to the same period in 2015. The decrease in 2017 was due to cost cutting initiatives which reduced the following: (i) $11.2 million of customer related hosting fees and telecommunications costs and (ii) $7.5 million of personnel related costs. This was partially offset by an increase of $6.2 million due to higher use of outside consultants. The increase in 2016 over the prior year period was primarily due to increased personnel costs, outside consulting fees and hosting due the acquisition of Openwave and the launch of our enterprise business unit.

Research and development expense decreased $23.6 million to $90.9 million for the year ended December 31, 2017, compared to the same period in 2016 and increased $21.7 million to $114.5 million for the year ended December 31, 2016 compared to the same period in 2015. The decrease in 2017 was driven primarily by a reduction of $12.0 million in outside consulting fees, a $9.7 million of personnel and related costs and a $2.9 million reduction in stock-based compensation through cost cutting efforts employed in outsourced research and development and through restructuring initiatives implemented in December 2016 and early 2017. The increase in 2016 was primarily due to a $12.1 million increase in outside consulting fees and $9.1 million in increased personnel costs as a result of the launch of our Enterprise solution and our Openwave acquisition.

Selling, general and administrative expense increased $27.8 million to $154.0 million for the year ended December 31, 2017, compared to the same period in 2016 and increased $41.6 million to $126.2 million for the year ended December 31, 2016 compared to the same period in 2015. The 2017 increase was primarily due to $38.8 million increased professional fees related to our financial restatement process and acquisition costs, partially offset by decreases of $6.1 million in stock-based compensation and $5.4 million in personnel related costs. The Openwave acquisition, launch of our Enterprise solution in 2016 and various acquisitions in 2015 caused all categories of expense to increase in 2016, primarily increases of $15.5 million in personnel related costs, $9.7 million in merger and acquisition expense, $4.9 million in outside consulting costs, $4.1 million in professional services, $2.3 million in telecommunication and facility costs, $1.3 million in marketing expense and $1.0 million in stock based compensation.

Net change in contingent consideration obligation decreased $1.2 million for the year ended December 31, 2017 as compared to the year ended December 31, 2016. This was due to the level of achievement of the contractual milestones associated with the potential earn-out payments to the Razorsight shareholders. The performance period for this earn-out was complete as of December 31, 2016. The net change in contingent consideration obligation decreased by $0.3 million for the year ended December 31, 2016 in relation to an increase in our potential earn-out payment to the Razorsight shareholders due to the achievement of certain milestones.

Restructuring charges were $10.7 million, $6.3 million and $4.9 million for the years ended December 31, 2017, 2016 and 2015, respectively, which related to employment termination costs as a result of the work-force reduction plans initiated in connection with acquisition and divestiture activities. We commenced separate plans in January 2015, March 2016, December 2016, March 2017, June 2017 and December 2017 and were designed to reduce operating costs and align our resources with our key strategic priorities. Material cash outlays for restructuring occur in the quarter in which the plan is initiated or in the subsequent quarter.

Depreciation and amortization expense decreased $11.1 million to $94.9 million for the year ended December 31, 2017, compared to the same period in 2016, and was primarily driven by approximately $11.1 million of asset impairment realized in 2016 related to our investments in SNCR, LLC including our Synchronoss Workspace platform. Depreciation and amortization expense increased $34.9 million to $106.0 million for the year ended December 31, 2016 compared to the same period in 2015 and primarily due to increases in depreciable fixed assets necessary for the continued expansion of our platforms and amortization of intangible assets acquired in recent acquisitions and ventures.

Interest income increased $10.6 million to $12.5 million for year ended December 31, 2017, compared to the same period in 2016, primarily due to interest earned on our related party PIK note extended in connection with the sale of our BPO business. Interest income in 2016, was relatively flat against 2015.

Interest expense increased $48.4 million to $55.8 million for the year ended December 31, 2017, compared to the same period in 2016 due to incremental interest related to the 2017 Credit Agreement and waiver fees and subsequent default interest paid due to our delayed filings during 2017. Interest expense increased $1.7 million to $7.4 million for the year ended December 31, 2016, compared to the same period in 2015 due primarily to an increase of approximately $0.9 million in contractual interest on amounts outstanding under the Amended Credit Facility.

Loss on extinguishment of debt was $29.4 million for the year ended December 31, 2017, compared to nil for the same period in 2016. The loss in 2017 related to the write-off of deferred financing charges and prepayment penalties repayment of the 2017 Credit Agreement in November 2017 in connection with the sale of Intralinks and the subsequent write-off of deferred financing charges associated with the credit agreement.

Other income (expense), net changed $18.7 million to a net other expense of $17.7 million for the year ended December 31, 2017, compared to a net other income of $1.0 million in the same period in 2016 due primarily to a $14.6 million impairment of our PIK note receivable from STIN, a $4.4 million loss on the change in fair value on our financial instruments and increased net losses from foreign currency exchange rate fluctuations, partially offset by a $4.9 million gain recognized on the sale of our SpeechCycle business in 2017. Other income increased by $0.4 million for the year ended December 31, 2016, compared to the same period in 2015 due primarily to a $1.4 million gain on the sale of our Mirapoint business and a one-time $0.5 million benefit from the restructuring of specific facility leases, partially offset by net losses on foreign currency exchange rate fluctuations.

Equity method investment loss was $9.1 million for the year ended December 31, 2017, compared to nil for the same period in 2016. All earnings in 2017 related to our investment in STIN.

Income tax benefit during the year ended December 31, 2017 was $34.9 million. Our effective tax rate was approximately 15.2% for the year ended December 31, 2017, which was lower than our U.S. federal statutory rate due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. and the recording of a non-cash income tax provision to establish a valuation allowance. We considered all available evidence, including our historical profitability and projections of future taxable income together with new evidence, both positive and negative, that could affect the view of the future realization of deferred tax assets. As a result of our assessment, we recorded a $17.1 million valuation allowance which reduced the deferred tax asset related to our current net operating losses of certain domestic and foreign subsidiaries.

During the year ended December 31, 2016, we recognized $33.2 million of income tax benefit. Our effective tax rate was approximately 26.0% for the year ended December 31, 2016, which was lower than our U.S. federal statutory rate due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S., the unfavorable impact of the fair market value adjustment for the Razorsight contingent consideration obligation and the recording of a non-cash income tax provision to establish a valuation allowance. We considered all available evidence, including our historical profitability and projections of future taxable income together with new evidence, both positive and negative, that could affect the view of the future realization of deferred tax assets. As a result of our assessment, we recorded a $3.2 million valuation allowance.

Quarterly Results of Operations

In connection with our delinquency in filing our Form 10-Q for the periods ended March 31, 2017, June 30, 2017 and September 30, 2017, we are including quarterly and year-to-date commentary for each of the above-mentioned periods within this Form 10-K. We will also file a separate Form 10-Q for each quarterly period in 2017.

Three months ended March 31, 2017 compared to the three months ended March 31, 2016 (Unaudited)

The following table presents an overview of our results of operations for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,		
	2017	**2016**	**$ Change**
(in thousands)		**(Restated)**	
Net revenues	$ 86,097	$ 78,246	$ 7,851
Cost of revenues*	46,055	46,151	(96)
Research and development	25,489	25,827	(338)
Selling, general and administrative	38,815	25,914	12,901
Net change in contingent consideration obligation	—	5	(5)
Restructuring charges	2,998	2,910	88
Depreciation and amortization	24,087	22,782	1,305
Total costs and expenses	137,444	123,589	13,855
Loss from continuing operations	$ (51,347)	$ (45,343)	$ (6,004)

* Cost of revenues excludes depreciation and amortization which is shown separately.

Net revenues increased $7.9 million to $86.1 million for the three months ended March 31, 2017, compared to the same period in 2016 primarily due to an $11.7 million increase in Cloud revenue primarily attributable to the deferral in the first quarter of 2016 of revenue to future periods until the delivery of services was completed for revenue recognition, offset partially by a strategic decision to focus on tier 1 customer opportunities, a reduction in professional fees and the termination of a contract with an international carrier; and $4.6 million increase in Messaging revenue from new sales in the Japanese market; This was partially offset by a $8.5 million decrease in Digital Transformation revenue resulting from the deferral in the first quarter of 2017 of revenue to future periods where the collectability was not reasonably assured, a reduction in digital activation and professional services revenue and the divestiture of the SpeechCycle business.

Cost of revenues decreased $0.1 million to $46.1 million for the three months ended March 31, 2017, compared to the same period in 2016, due cost cutting initiatives which reduced customer related hosting fees and telecommunications costs by $4.3 million. This was primarily offset by a $2.4 million increase in outside consulting costs and a $1.7 million increase in hardware and software maintenance costs.

Research and development expense decreased $0.3 million to $25.5 million for the three months ended March 31, 2017, compared to the same period in 2016 primarily due to decreased outside consulting costs in the current year related to the 2016 launch of our Enterprise solution. This partially offset by a a full quarter of expenses incurred from Openwave operations, which primarily attributable to $1.1 million of personnel related costs.

Selling, general and administrative expense increased $12.9 million to $38.8 million for the three months ended March 31, 2017, compared to the same period in 2016. The increase was primarily driven by a $10.5 million increase in acquisition and divestiture related activities and a $1.9 million increase in professional fees.

Net change in contingent consideration obligation resulted in a slight decrease for the three months ended March 31, 2017, as compared to the same period in 2016 related to the fair value increase of the Razorsight earn-out in the prior year period.

Restructuring charges were $3.0 million for the three months ended March 31, 2017 related to employment termination costs as a result of the work-force reduction plan started in March 2017 to reduce costs and align our resources with our key strategic priorities. Material cash outlays for restructuring occur in the quarter in which the plan is initiated or the subsequent quarter.

Depreciation and amortization expense increased $1.3 million to $24.1 million for the three months ended March 31, 2017, compared to the same period in 2016. This was primarily related to the incremental amortization related to acquired intangible assets.

Interest income increased $2.2 million to $2.9 million for the three months ended March 31, 2017, compared to the same period in 2016. Interest income increased primarily due to interest earned on our related party PIK note extended in connection with the sale of our BPO business.

Interest expense increased $9.0 million to $10.6 million for the three months ended March 31, 2017, compared to the same period in 2016 due primarily to a $8.3 million increase related to an increase in borrowings outstanding from a $900.0 million senior secured term loan (the “2017 Term Facility”), which was raised to fund the purchase of Intralinks, as well as $0.7 million related to the write off of unamortized debt issuance costs due to the decrease in the borrowing capacity of our revolving credit facility of up to $200.0 million (the “Revolving Facility”).

Other income (expense), net increased $4.6 million to a net other income of $4.2 million for the three months ended March 31, 2017, compared to a net other expense of $0.4 million in the same period in 2016. Other net income increased primarily due to the $4.9 million pre-tax gain recognized on the divestiture of our SpeechCycle business and to foreign currency exchange rate fluctuations.

Equity method investment losses were $0.7 million for the three months ended March 31, 2017, compared to nil for the same period in 2016. The earnings in 2017 related to our investment in STIN.

Income tax benefit of approximately $8.7 million and $15.5 million were recognized for the three months ended March 31, 2017 and 2016, respectively. Our effective tax rate was approximately 16.1% for the three months ended March 31, 2017, which was lower than our U.S. federal statutory rate primarily due to the impact of losses in foreign jurisdictions which have lower tax rate than the U.S.

Our effective tax rate was approximately 32.7% for the three months ended March 31, 2016, which was slightly lower than our U.S. federal statutory rate primarily due to the impact of losses in foreign jurisdictions which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

Three months ended March 31, 2016 compared to the three months ended March 31, 2015 (Unaudited)

The following table presents an overview of our restated results of operations for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,		
	2016	**2015**	**$ Change**
(in thousands)	**(Restated)**	**(Restated)**	
Net revenues	$ 78,246	$ 109,641	$ (31,395)
Cost of revenues*	46,151	32,902	13,249
Research and development	25,827	21,953	3,874
Selling, general and administrative	25,914	19,132	6,782
Net change in contingent consideration obligation	5	—	5
Restructuring charges	2,910	3,205	(295)
Depreciation and amortization	22,782	14,182	8,600
Total costs and expenses	123,589	91,374	32,215
Loss from continuing operations	$ (45,343)	$ 18,267	$ (63,610)

* Cost of revenues excludes depreciation and amortization which is shown separately.

Net revenues decreased $31.4 million to $78.2 million for the three months ended March 31, 2016, compared to the prior-year period primarily due to a $43.2 million decrease in Cloud revenue due primarily to the deferral in the first quarter of 2016 of revenue to future periods until the delivery of services was completed for revenue recognition, the termination of a contract with an international carrier, and a decrease in professional services; partially offset by a $6.8 million increase in Digital Transformation revenue from digital activation and professional services; and $5.0 million increase in Messaging revenue related to the 2016 acquisition of Openwave.

Cost of revenues increased $13.2 million to $46.2 million for the three months ended March 31, 2016, compared to the prior-year period, due to an increase of $6.3 million in hosting and telecommunication expense and $1.9 million in outside consulting fees primarily related to the launch of our enterprise solution in 2016. The increase was also driven by $2.7 million in incremental maintenance related to increased costs for service contracts due to the expansion of our operational footprint and approximately $1.3 million of additional personnel and related costs as a result of our recent acquisitions.

Research and development expense increased $3.9 million to $25.8 million for the three months ended March 31, 2016, compared to the same prior-year period primarily due to an increase of $3.9 million in outside consulting fees which was driven by the launch of our enterprise solution.

Selling, general and administrative expense increased $6.8 million to $25.9 million for the three months ended March 31, 2016, compared to the same prior-year period. The increase was primarily driven by increases of $4.0 million related to personnel and related costs, $2.2 million related to outside consultants utilized with our Openwave acquisition and the launch of our Enterprise solution in 2016. These increased costs merger and acquisition costs incurred during the quarter, were offset by a decrease of $1.6 million in professional service fees.

Net change in contingent consideration obligation resulted in a slight increase for the three months ended March 31, 2016, as compared to the same prior-year period related to the fair value increase of the Razorsight earn-out.

Restructuring charges were $2.9 million for the three months ended March 31, 2016 related to employment termination costs as a result of the work-force reduction plan started in March 2016 to reduce costs and align our resources with our key strategic priorities. Material cash outlays for restructuring occur in the quarter in which the plan is initiated or the subsequent quarter.

Depreciation and amortization expense increased $8.6 million to $22.8 million for the three months ended March 31, 2016, compared to the same prior-year period. This was primarily related to the increase in depreciable fixed assets necessary for the continued expansion of our platforms and amortization of our newly acquired intangible assets related to our recent acquisitions.

Interest income increased $0.2 million to $0.6 million for the three months ended March 31, 2016, compared to the same prior-year period. Interest income increased primarily due to higher average investment balances compared to the same period in 2015.

Interest expense increased $0.2 million to $1.6 million for the three months ended March 31, 2016, compared to the same prior-year period due primarily to an increased amounts outstanding under the 2013 Credit Facility.

Other income (expense), net increased $0.6 million to a net expense of $0.4 million for the three months ended March 31, 2016, compared to the same prior-year period. Other expense increased primarily due to foreign currency exchange rate fluctuations, specifically the strengthening of the British Pound Sterling against the U.S. Dollar.

Income tax benefit of approximately $15.5 million was recognized during the three months ended March 31, 2016 compared to $4.1 million of income tax expense during the three months ended March 31, 2015. Our effective tax rate was approximately 32.7% for the three months ended March 31, 2016, which was slightly lower than our U.S. federal statutory rate primarily due to the impact of losses in foreign jurisdictions which have lower tax rates than the U.S. Our effective tax rate was approximately 23.6% for the three months ended March 31, 2015, which was lower than our U.S. federal statutory rate primarily due to the impact of losses in foreign jurisdictions which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

Summary of the three and six months ended June 30, 2017 and 2016 (Unaudited)

The following table presents an overview of our results of operations for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	**2016**	**$ Change**	**2017**	**2016**	**$ Change**
(in thousands)		**(Restated)**			**(Restated)**	
Net revenues	$ 118,990	$ 121,101	$ (2,111)	$ 205,087	$ 199,347	$ 5,740
Cost of revenues*	47,755	48,180	(425)	93,810	94,331	(521)
Research and development	20,819	28,047	(7,228)	46,308	53,874	(7,566)
Selling, general and administrative	29,353	29,880	(527)	68,168	55,794	12,374
Net change in contingent consideration obligation	—	3,110	(3,110)	—	3,115	(3,115)
Restructuring charges	6,405	1,139	5,266	9,403	4,049	5,354
Depreciation and amortization	23,552	24,093	(541)	47,639	46,875	764
Total costs and expenses	127,884	134,449	(6,565)	265,328	258,038	7,290
Loss from continuing operations	$ (8,894)	$ (13,348)	$ 4,454	$ (60,241)	$ (58,691)	$ (1,550)

* Cost of revenues excludes depreciation and amortization which is shown separately.

Net revenues decreased $2.1 million to $119.0 million for the three months ended June 30, 2017, compared to the same period in 2016 primarily due to $4.3 million net increase in Digital Transformation revenue from an increase in digital activation and professional services revenue, and a decrease in revenue from the divestiture of the SpeechCycle business; $0.6 million decrease in Messaging revenue from new sales in the Japanese market; partially offset by $5.8M million decrease in Cloud revenue from a strategic decision to focus on tier 1 customer opportunities, a reduction in professional fees and the termination of a contract with an international carrier.

For the six months ended June 30, 2017, net revenues increased $5.7 million to $205.1 million compared to the same period in 2016 due to an $4 million increase in Messaging from a full quarter of Messaging revenue related to the 2016 acquisition of Openwave and from new sales in the Japanese market; and a $5.9 million increase in Cloud revenue attributable to the deferral of revenue to future periods until the delivery of services was completed for revenue recognition, offset partially by a strategic decision to focus on tier 1 customer opportunities, a reduction in professional fees and the termination of a contract with an international carrier; partially offset by a $4.2 million decrease in Digital Transformation revenue resulting from the deferral in the first quarter of 2017 of revenue to future periods where the collectability was not reasonably assured, a decrease in digital activation and professional services revenue, and a decrease in revenue from the divestiture of the SpeechCycle business.

Cost of revenue decreased $0.4 million to $47.8 million for the three months ended June 30, 2017 compared to the same period in 2016, primarily due to decreases of $2.6 million in related hosting and telecommunication costs, $1.6 million in personnel and related costs. This was partially offset by increases in outside consulting expenses of $3.0 million, professional service fees of $1.0 million and specific merger and acquisition expenses of $0.5 million, primarily driven by migration and integration costs associated with our Intralinks acquisition.

For the six months ended June 30, 2017, cost of revenue decreased $0.5 million to $93.8 million compared to the same period in 2016. The decrease in 2017 was due cost cutting initiatives which reduced the following: (i) $7.2 million of customer related hosting fees and telecommunications costs and (ii) $1.3 million of personnel related costs. This was primarily offset by increased use of outside consulting, professional service fees, which amounted to increase of $5.0 million and $1.1 million respectively. $2.1 million in increased maintenance costs also contributed to changes over prior period. These overall offsetting increases were driven migration and integration costs associated with Intralinks acquisition.

Research and development expense decreased $7.2 million to $20.8 million for the three months ended June 30, 2017, compared to the same period in 2016 primarily due to the launch of our Enterprise solution and acquisition of Openwave in 2016 and the recent divestiture of our carrier activation business.The decrease in 2017 was driven primarily by a reduction of $3.2 million in outside consulting fees, and $3.1 million of personnel and related costs through cost cutting efforts employed in outsourced research and development and through restructuring initiatives implemented in December 2016 and early 2017.

For the six months ended June 30, 2017, research and development expense decreased $7.6 million to $46.3 million compared to the same period in 2016 primarily due to the current quarter decreases described above.

Selling, general and administrative expense decreased $0.5 million to $29.4 million for the three months ended June 30, 2017, compared to the same period in 2016. The decrease was driven by a $3.1 million decrease in stock based compensation due to lower objectives being met on performance awards, which was predominately offset by an net increase in outside consulting expense and professional fees related to the Company’s accounting review and delayed filing of our Form 10-Q in 2017.

For the six months ended June 30, 2017, selling, general and administrative expense increased $12.4 million to $68.2 million compared to the same period in 2016. The increase was primarily due to $11.1 million in merger and acquisition expense related to our Intralinks acquisition and a net increase in professional and consulting fees of approximately $5.4 million related to the Company’s accounting review and delayed filing of our Form 10-Q in 2017. These were partially offset by $3.2 million of decreased stock based compensation expense and $0.7 million in personnel and related costs related to our current and prior year restructuring initiatives.

Net change in contingent consideration obligation resulted in a $3.1 million decrease for both the three and six months ended June 30, 2017, as compared to the same periods in 2016, due to the completion of the performance objectives in prior periods.

Restructuring charges increased by $5.3 million to $6.4 million for the three months ended June 30, 2017, compared to the same period in 2016. During the six months ended June 30, 2017, restructuring charges increased $5.4 million to $9.4 million, compared to the six months ended June 30, 2016. We commenced separate workforce reduction plans in March 2016, December 2016, March 2017 and June 2017 designed to reduce costs and align our resources with our key strategic priorities. Material cash outlays for restructuring occur in the quarter in which the plan is initiated or the subsequent quarter.

Depreciation and amortization expense decreased $0.5 million to $23.6 million for the three months ended June 30, 2017, compared to the same period in 2016 due primarily to intangible assets impairments incurred in 2016 which reduced the intangible asset base for 2017 expense and the sale of Speechcyle in the first quarter of 2017. For the six months ended June 30, 2017, depreciation and amortization expense increased $0.8 million to $47.6 million compared to the same period in 2016. The increase was primarily related to the increase in depreciable fixed assets necessary for the continued expansion of our platforms and amortization of our newly acquired intangible assets related to our recent acquisitions.

Interest income increased $2.4 million to $3.0 million for the three months ended June 30, 2017, compared to the three months ended June 30, 2016 and increased $4.7 million to $5.9 million for the six months ended June 30, 2017, compared to the six months ended June 30, 2016. The change for the three and six month periods was primarily due to interest earned on our related party PIK note extended in connection with the sale of our BPO business.

Interest expense increased $10.0 million to $11.8 million for the three months ended June 30, 2017, compared to the same period in 2016 due primarily to an increase of approximately $10.3 million related to an increase in borrowings outstanding related to the 2017 Term Facility, which was raised to fund the purchase of Intralinks, partially offset by a decrease of $0.5 million in interest expense related to the Amended Credit Facility outstanding in the prior year period.

For the six months ended June 30, 2017, interest expense increased $19.1 million to $22.5 million compared to the same period in 2016 due primarily to an increase of approximately $18.0 million related to interest on our 2017 Term Facility and $0.7 million related to our new Revolving Facility.

Other income (expense), net changed $2.2 million to a net other expense of $1.6 million for the three months ended June 30, 2017, compared to a net other income of $0.7 million for the same period in 2016. Other expense increased primarily due to net losses on foreign currency fluctuations.

For the six months ended June 30, 2017, other income (expense), net changed $2.3 million to a net other income of $2.6 million compared to a net other expense of nearly zero in the same period in 2016. Other net income increased primarily due to the $4.9 million pre-tax gain recognized on the divestiture of our SpeechCycle business, partially offset by net losses on foreign currency fluctuations.

Equity method investment losses were $0.2 million and $1.0 million for the three and six months ended June 30, 2017, respectively, compared to nil for the same periods in 2016. The earnings in the three and six month periods of 2017 related to STIN.

Income tax expense recognized was approximately $3.6 million during the three months ended June 30, 2017 compared to $0.4 million during the three months ended June 30, 2016. Our effective tax rate was approximately -18.7% for the three months ended June 30, 2017, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions which have lower tax rates than the U.S. Our effective tax rate was approximately -3% for the three months ended June 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

During the six months ended June 30, 2017, we recognized approximately $5.2 million of income tax benefit compared to $15.1 million during the six months ended June 30, 2016. Our effective tax rate was approximately 7.1% for the six months ended June 30, 2017, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions which have lower tax rates than the U.S. Our effective tax rate was approximately 24.6% for the six months ended June 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

Summary of the three and six months ended June 30, 2016 and 2015 (Unaudited)

The following table presents an overview of our results of operations for the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	**2015**	**$ Change**	**2016**	**2015**	**$ Change**
(in thousands)	**(Restated)**	**(Restated)**		**(Restated)**	**(Restated)**	
Net revenues	$ 121,101	$ 87,710	$ 33,391	$ 199,347	$ 197,351	$ 1,996
Cost of revenues*	48,180	35,945	12,235	94,331	68,847	25,484
Research and development	28,047	22,466	5,581	53,874	44,419	9,455
Selling, general and administrative	29,880	18,615	11,265	55,794	37,747	18,047
Net change in contingent consideration obligation	3,110	—	3,110	3,115	—	3,115
Restructuring charges	1,139	1,416	(277)	4,049	4,621	(572)
Depreciation and amortization	24,093	16,596	7,497	46,875	30,778	16,097
Total costs and expenses	134,449	95,038	39,411	258,038	186,412	71,626
Loss from continuing operations	$ (13,348)	$ (7,328)	$ (6,020)	$ (58,691)	$ 10,939	$ (69,630)

* Cost of revenues excludes depreciation and amortization which is shown separately.

Net revenues increased $33.4 million to $121.1 million for the three months ended June 30, 2016, compared to the same prior-year period primarily due to a $21.8 million increase in Cloud revenue due primarily to the deferral in the first quarter of 2016 of revenue to future periods until the delivery of services was completed for revenue recognition, the termination of a contract with an international carrier ; $13.8 million increase in Messaging revenue from the acquisition of Openwave in 2016; and a $2.1 million net decrease in Digital Transformation revenue from a decrease in digital activation and professional services revenue.

For the six months ended June 30, 2016, net revenues increased $2.0 million to $199.3 million compared to the same prior-year period primarily due to an $18.8 million increase in Messaging revenue from the 2016 acquisition of Openwave; and a $4.7 million increase in Digital Transformation revenue attributable to digital activation and professional services revenue; and a $21.4 million decrease in Cloud revenue due primarily to the deferral of revenue to future periods until the delivery of services was completed for revenue recognition, the termination of a contract with an international carrier and a decrease in subscription and professional services.

Cost of revenues increased $12.2 million to $48.2 million for the three months ended June 30, 2016, compared to the same prior-year period, due primarily to increases in personnel and related costs, migration and integration related to our Openwave acquisition and the launch of our enterprise solution during 2016. The impact of these activities resulted in increased personnel and related costs of $4.2 million, maintenance expenses $3.2 million, outside consulting expenses of $2.8 million and hosting and telecommunication expenses of $1.5 million.

For the six months ended June 30, 2016, cost of revenues increased $25.5 million to $94.3 million compared to the same prior-year period, due primarily to increases in hosting and telecommunication costs of $7.8 million, maintenance of $5.9 million, personnel and related costs of $5.4 million, and outside consulting of $5.1 million, which were primarily driven by the migration and integration related to our Openwave acquisition and the launch of our enterprise solution during 2016.

Research and development expense increased $5.6 million to $28.0 million for the three months ended June 30, 2016, compared to the same prior-year period primarily due to an increase of $4.2 million in outside consultant expense and $1.4 million in personnel and related costs which was driven by the launch of our enterprise solution.

For the six months ended June 30, 2016, research and development expense increased $9.5 million to $53.9 million, compared to the same prior-year period primarily due to an increase of $8.1 million in outside consulting fees, and $2.2 million in personnel and related costs which was driven by the launch of our enterprise solution.

Selling, general and administrative expense increased $11.3 million to $29.9 million for the three months ended June 30, 2016, compared to the same prior-year period. The Openwave acquisition, launch of our Enterprise solution in 2016 and various acquisitions in 2015 caused all categories of expense to increase, primarily $3.5 million in personnel and related costs, $1.7million related to professional service fees, $1.5 million in outside consulting expense, $0.9 million in telecommunications and facility costs, $0.7 million merger and acquisition costs and $0.7 million in share-based compensation.

For the six months ended June 30, 2016, selling, general and administrative expense increased $18.0 million to $55.8 million compared to the same prior-year period. The Openwave acquisition, launch of our Enterprise solution in 2016 and various acquisitions in 2015 caused all categories of expense to increase, primarily $7.4 million in personnel and related costs, $3.7 million in outside consulting, $2.2 million increase in professional fees and other acquisition related costs, $1.4 million increase in share-based compensation and $1.1 million in hosting, telecommunication and facility costs.

Net change in contingent consideration obligation resulted in a $3.1 million increase for the three and six months ended June 30, 2016, as compared to the same prior-year periods. In both periods during 2016, the change was due to an increase in the probability of achieving the contractual milestones associated with the Razorsight earn-out. There was no contingent consideration balance for the three and six months ended June 30, 2015, prior to the acquisition of Razosight.

Restructuring charges decreased $0.3 million to $1.1 million for the three months ended June 30, 2016, compared to the same prior-year period. For the six months ended June 30, 2016, restructuring charges decreased $0.6 million to $4.0 million compared to the same prior-year period. We commenced separate workforce reduction plans in January 2015 and March 2016 that were designed to reduce costs and align our resources with our key strategic priorities. Restructuring charges fluctuations are largely due to the size of the plan. Material cash outlays for restructuring occur in the quarter in which the plan is initiated or the subsequent quarter.

Depreciation and amortization expense increased $7.5 million to $24.1 million for the three months ended June 30, 2016, compared to the same prior-year period. For the six months ended June 30, 2016, depreciation and amortization expense increased $16.1 million to $46.9 million compared to the same prior-year period. The increase related to both periods was primarily due to the increase in depreciable fixed assets necessary for the continued expansion of our platforms and amortization of our newly acquired intangible assets related to recent acquisitions.

Interest income increased $0.1 million to $0.6 million for the three months ended June 30, 2016, compared to the same prior-year period and increased $0.3 million to $1.2 million for the six months ended June 30, 2016, compared to the same prior-year period. The change for the three and six-month periods were due to an increase in our returns on our cash, cash equivalents and investment balances due to a change in our portfolio allocations.

Interest expense increased $0.4 million to $1.8 million for the three months ended June 30, 2016, compared to the same prior-year period due primarily to an increase of approximately $0.3 million related to the $50.0 million drawdown from the 2013 Credit Facility and an increase of approximately $0.1 million related to bond premium amortization.

For the six months ended June 30, 2016, interest expense increased $0.7 million to $3.4 million for the six months ended June 30, 2016, compared to the same prior-year period due primarily to an increase of approximately $0.4 million related to the $50 million drawdown from the 2013 Credit Facility and an increase of approximately $0.2 million related to bond premium amortization.

Other income (expense), net increased $0.2 million to $0.7 million for the three months ended June 30, 2016, compared to the same prior-year period due primarily to foreign currency fluctuations. For the six months ended June 30, 2016, other income (expense), net changed $0.4 million to a net other expense of $0.3 million compared to a net other income of $0.7 million for the same prior-year period. The change was primarily due to foreign currency fluctuations.

Income tax expense recognized was approximately $.4 million during the three months ended June 30, 2016 compared to $8.4 million in the three months ended June 30, 2015. Our effective tax rate was approximately -3% for the three months ended June 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions which have lower tax rates than the U.S. Our effective tax rate was approximately -113% for the three months ended June 30, 2015, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

During the six months ended June 30, 2016, we recognized approximately $15.1 million of income tax benefit compared to $12.5 million in income tax expenses during the six months ended June 30, 2015. Our effective tax rate was approximately 25.0% for the six months ended June 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions which have lower tax rates than the U.S. Our effective tax rate was approximately 126.6% for the six months ended June 30, 2015, which was higher than our U.S. federal statutory rate. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

Three and nine months ended September 30, 2017 and 2016 (Unaudited)

The following table presents an overview of our results of operations for the three and nine months ended September 30, 2017 and 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	$ Change	2017	2016	$ Change
(in thousands)		**(Restated)**			**(Restated)**	
Net revenues	$ 91,015	$ 119,936	$ (28,921)	$ 296,102	$ 319,283	$ (23,181)
Cost of revenues*	45,576	49,139	(3,563)	139,386	143,470	(4,084)
Research and development	20,926	31,030	(10,104)	67,234	84,904	(17,670)
Selling, general and administrative	34,881	28,827	6,054	103,049	84,621	18,428
Net change in contingent consideration obligation	—	(1,349)	1,349	—	1,766	(1,766)
Restructuring charges	2,312	924	1,388	11,715	4,973	6,742
Depreciation and amortization	23,459	23,592	(133)	71,098	70,467	631
Total costs and expenses	127,154	132,163	(5,009)	392,482	390,201	2,281
Loss from continuing operations	$ (36,139)	$ (12,227)	$ (23,912)	$ (96,380)	$ (70,918)	$ (25,462)

* Cost of revenues excludes depreciation and amortization which is shown separately.

Net revenues decreased $28.9 million to $91.0 million for the three months ended September 30, 2017, compared to the same prior-year period, primarily due to a $25.8 million decrease in Cloud revenue from a strategic decision to focus on tier 1 customer opportunities, a reduction in professional fees and the termination of a contract with an international carrier; and a $3.9 million decrease in Messaging revenue from delays in the recognition of revenue due to the timing of the receipt of final acceptance from customers; partially offset by a $0.8 million increase in Digital Transformation revenue related to a decrease in revenue from the divestiture of the SpeechCycle asset offset by increases in digital activation and professional services revenue.

For the nine months ended September 30, 2017, net revenues decreased $23.2 million to $296.1 million, compared to the same prior-year period primarily due to a $3.4 million decrease in Digital Transformation revenue driven by from the deferral in Q1 2017 of revenue to future periods where the collectability was not reasonably assured, a decrease in digital activation and professional services services revenue, and a decrease in revenue from the divestiture of the SpeechCycle business; and a $19.9 million decrease in Cloud revenue attributable to the deferral of revenue to future periods until the delivery of services was completed for revenue recognition, a strategic decision to focus on tier 1 customer opportunities, a reduction in professional fees and the termination of a contract with an international carrier; partially offset by a $0.1 million increase in Messaging revenue from a full quarter of Messaging revenue related to the 2016 acquisition of Openwave, delays in the recognition of revenue due to the timing of the receipt of final acceptance from customers, and decreases in subscription and professional services.

Cost of revenue decreased $3.6 million to $45.6 million for the three months ended September 30, 2017, compared to the same prior-year period, due primarily to decreases of $3.3 million in net repairs and maintenance expense, $2.1 million in telecommunication costs, $1.9 million in personnel and related costs and $0.5 million of decreased stock based compensation related to the prior year divestitures and previous restructuring initiatives. This was partially offset by increases in professional service fees of $2.6 million and outside consulting expenses of $1.7 million, which were primarily driven by increased software licensing fees for third party software integration costs for our expanded programs and integration costs associated with prior acquisitions.

For the nine months ended September 30, 2017, cost of revenue decreased $4.1 million to $139.4 million compared to the same prior-year period. The decrease in 2017 was due cost cutting initiatives which reduced the following: (i) $9.3 million of customer related hosting fees and telecommunications costs and (ii) $5.4 million of personnel related costs, included stock based compensation. This was partially offset by an increase of $6.6 million due to higher use of outside consultants and a $3.8 million increase in professional service fees.

Research and development expense decreased $10.1 million to $20.9 million for the three months ended September 30, 2017, compared to the same prior-year period primarily due to costs reductions related to the 2016 divestiture of our our carrier activation business, prior year restructuring initiatives and the 2016 launch of our Enterprise solution, which drove decreases of $5.3 million in personnel and related costs, $3.8 million in outside consulting fees and $1.3 million in stock based compensation.

For the nine months ended September 30, 2017, research and development expense decreased $17.7 million to $67.2 million, compared to the same prior-year period. The decrease in 2017 was driven primarily by a reduction of $8.7 million in outside consulting fees, a $7.3 million of personnel and related costs and a $2.1 million reduction in stock-based compensation through cost cutting efforts employed in outsourced research and development and through restructuring initiatives implemented in December 2016 and early 2017.

Selling, general and administrative expense increased $6.1 million to $34.9 million for the three months ended September 30, 2017, compared to the same prior-year period. The increase was primarily due to a $8.5 million increase in professional fees and outside consulting fees related to our financial restatement process and acquisition costs. These increases were slightly offset by decreases of $3.0 million in stock-based compensation expense and $0.5 million in personnel and related costs.

For the nine months ended September 30, 2017, selling, general and administrative expense increased $18.4 million to $103.0 million compared to the same prior-year period. The increase was primarily due to a $15.6 million increase in professional fees related to our financial restatement process and $10.9 million in acquisition and divestiture costs. These increased costs were partially offset by decreased stock-based compensation of $6.1 million, outside consulting expenses of $1.6 million and personnel and related costs of $1.2 million, resulting from our current and prior year divestitures and restructuring initiatives.

Net change in contingent consideration obligation resulted in a $1.3 million change to zero for the three months ended September 30, 2017, as compared to a credit of $1.3 million in the same prior-year period. For the nine months ended September 30, 2017, the net change in contingent consideration obligation resulted in a $1.8 million decrease as compared to the same prior-year period. These decreases were due to the completion of the earn-out periods in 2016.

Restructuring charges increased $1.4 million to $2.3 million for the three months ended September 30, 2017, compared to the same prior year period. For the nine months ended September 30, 2017, restructuring charges increased $6.7 million to $11.7 million compared to the same prior-year period. We commenced separate workforce reduction plans in March 2016, December 2016, March 2017 and June 2017 that were designed to reduce costs and align our resources with our key strategic priorities. Material cash outlays for restructuring occur in the quarter in which the plan is initiated or the subsequent quarter.

Depreciation and amortization expense decreased $0.1 million to $23.5 million for the three months ended September 30, 2017, compared to the same prior-year period, due primarily to intangible assets impairments incurred in 2016 which reduced the intangible asset base for the comparable 2017 expense, net of increased depreciation on our newly acquired fixed assets. For the nine months ended September 30, 2017, depreciation and amortization expense increased by $0.6 million to $71.1 million compared to the nine months ended September 30, 2016. The increase during the year-to-date period was driven by increased depreciation on our newly acquired fixed assets, partially offset by decreases in intangible asset amortization due to prior year impairments.

Interest income increased $3.0 million to $3.3 million for the three months ended September 30, 2017, compared to the same prior-year period. For the nine months ended September 30, 2017, interest income increased $7.7 million to $9.2 million compared to the nine months ended September 30, 2016. The change for the three and nine month periods was primarily due to interest earned on our related party PIK note extended in connection with the sale of our BPO business.

Interest expense increased $24.0 million to $25.6 million for the three months ended September 30, 2017, compared to the same prior-year period due primarily to a $21.6 million increase in interest on borrowings outstanding related to our 2017 Term Facility and $2.0 million from the Revolving Facility. The 2017 Term Facility interest included $5.7 million of amendment fees and $2.5 million related to a contingent interest derivative.

For the nine months ended September 30, 2017, interest expense increased $43.0 million to $48.0 million compared to the same prior-year period due primarily to $39.6 million of increased interest on borrowings related to our 2017 Term Facility and $2.7 million from the Revolving Facility. The 2017 Term Facility interest included $5.7 million of amendment fees and $2.5 million related to a contingent interest derivative.

Other income (expense), net changed $0.4 million to a net other income of $0.3 million for the three months ended September 30, 2017, compared to a net other expense of $0.2 million for the same prior-year period. The change was primarily due to foreign currency fluctuation gains, partially offset by a one-time $0.5 million benefit from the restructuring of certain facility leases.

For the nine months ended September 30, 2017, other income (expense), net changed $2.8 million to a net other income of $2.9 million compared to a net other expense of $0.1 million for the nine months ended September 30, 2016. Other net income increased primarily due to the $4.9 million pre-tax gain recognized on the divestiture of our SpeechCycle business, partially offset by net losses on foreign currency fluctuations.

Equity method investment losses were $0.6 million and $1.6 million for the three and nine months ended September 30, 2017, compared to nil for the same periods in 2016. The earnings in the three and nine month periods of 2017 related to STIN.

Income tax benefit recognized was approximately $12.8 million during the three months ended September 30, 2017, compared to $3.6 million during the three months ended September 30, 2016. Our effective tax rate was approximately 22.3% for the three months ended September 30, 2017, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. Our effective tax rate was approximately 26% for the three months ended September 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

For the nine months ended September 30, 2017 and 2016, we respectively recognized approximately $18.0 million and $18.8 million in related income tax benefit. Our effective tax rate was approximately 13.7% for the nine months ended September 30, 2017, which was lower than our U.S. federal statutory rate. Our effective tax rate was approximately 25% for the nine months ended September 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

Three and nine months ended September 30, 2016 and 2015 (Unaudited)

The following table presents an overview of our results of operations for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	$ Change	2016	2015	$ Change
(in thousands)	(Restated)	(Restated)		(Restated)	(Restated)	
Net revenues	$ 119,936	$ 88,747	$ 31,189	$ 319,283	$ 286,098	$ 33,185
Cost of revenues*	49,139	40,265	8,874	143,470	109,112	34,358
Research and development	31,030	24,151	6,879	84,904	68,570	16,334
Selling, general and administrative	28,827	20,339	8,488	84,621	58,086	26,535
Net change in contingent consideration obligation	(1,349)	—	(1,349)	1,766	—	1,766
Restructuring charges	924	359	565	4,973	4,980	(7)
Depreciation and amortization	23,592	19,588	4,004	70,467	50,366	20,101
Total costs and expenses	132,163	104,702	27,461	390,201	291,114	99,087
Loss from continuing operations	$ (12,227)	$ (15,955)	$ 3,728	$ (70,918)	$ (5,016)	$ (65,902)

* Cost of revenues excludes depreciation and amortization which is shown separately.

Net revenues increased $31.2 million to $119.9 million for the three months ended September 30, 2016 compared to the same prior-year period, primarily due to a $18.7 million increase in Cloud revenue due primarily to the recognition of revenue deferred to future periods until the delivery of services was completed for revenue recognition, partially offset by the termination of a contract with an international carrier and a decrease in subscription and professional services; , an $13.3 million increase in Messaging revenue from the 2016 acquisition of Openwave, and a $0.9 million decrease in Digital Transformation revenue from a decrease in digital activation and professional services revenue.

For the nine months ended September 30, 2016, net revenues increased $33.2 million to $319.3 million, compared to the same prior-year period, due primarily to a $32.0 million increase in Messaging revenue from the 2016 acquisition of Openwave and a $3.8 million increase in Digital Transformation revenue from an increase in digital activation and professional services revenue; partially offset by a $2.6 million decrease in Cloud revenue from due primarily to the deferral of revenue to future periods until the delivery of services was completed for revenue recognition, the termination of a contract with an international carrier and a decrease in subscription and professional services.

Cost of revenues increased $8.9 million to $49.1 million for the three months ended September 30, 2016, compared to the same prior-year period, due primarily to costs related to our migration and integration of Openwave in 2016 and the launch of our Enterprise solution. The increase was driven by $4.7 million of personnel and related costs, $3.3 million of repair and maintenance expense related to the expansion of our operational footprint and $1.2 million of outside consulting fees as a result of increased usage of third party exception handling vendors. These increases were partially offset by a $0.4 million decrease in telecommunication expenses related to integration initiatives.

For the nine months ended September 30, 2016, cost of revenues increased $34.4 million to $143.5 million compared to the same prior-year period, due primarily to costs related to our migration and integration of Openwave in 2016 and the launch of our Enterprise solution. Personnel and related costs increased $10.2 million, of which $4.9 million related to increased headcount from the Openwave acquisition and remaining change related to the launch of our Enterprise solution. Equipment maintenance increased $8.3 million and telecommunication and facility costs increased $7.4 million due to the expansion of our operational footprint in 2016. Outside consulting expenses increased $6.3 million as a result of increased usage pertaining to recent acquisition.

Research and development expense increased $6.9 million to $31.0 million for the three months ended September 30, 2016, compared to the same prior-year period primarily due to increased headcount related to our acquisition of Openwave and the launch of our Enterprise solution during 2016, which drove a $3.3 million of increased personnel and related costs, $2.9 million of outside consultant expense and $0.4 million in stock-based compensation.

For the nine months ended September 30, 2016, research and development expense increased $16.3 million to $84.9 million compared to the same prior-year period. The increase in was primarily due to a $11.0 million increase in outside consulting fees and $5.5 million increase in personnel costs as a result of the launch of our Enterprise solution and our Openwave acquisition.

Selling, general and administrative expense increased $8.5 million to $28.8 million for the three months ended September 30, 2016, compared to the same prior-year period. The increase was driven by a $3.8 million increase in personnel and related costs which were impacted by increased headcount due to the launch of our Enterprise solution and our Openwave acquisition. There was an increase in professional services of $2.0 million related to accounting and legal costs resulting from our acquisitions and tax planning efforts. The remaining increase related primarily to prior year acquisitions and growth, which drove increases of $0.8 million in outside consulting fees, $0.6 million in telecommunication and facility costs, $0.5 million in marking expense and $0.4 million in merger and acquisition costs.

For the nine months ended September 30, 2016, selling, general and administrative expense increased $26.5 million to $84.6 million compared to the same prior-year period. The Openwave acquisition, launch of our Enterprise solution in 2016 and various acquisitions in 2015 caused all categories of expense to increase, primarily $11.2 million in personnel and related costs, $4.5 million in outside consulting, $2.6 million in merger and acquisition costs, $2.1 million of professional service fees, $1.7 million in telecommunication and facility costs, $1.1 million of marketing expense and a $1.1 million increase in share-based compensation. The remaining change related to various other operating expenses.

Net change in contingent consideration obligation resulted in a $1.3 million decrease for the three months ended September 30, 2016, as compared to the same prior-year period, driven by a reduction of the previously disclosed contingent consideration obligation due to a restatement adjustment related to achieving the contractual milestones associated with the Razorsight earn-out.

For the nine months ended September 30, 2016, the net change in contingent consideration obligation resulted in a $1.8 million increase as compared to the same prior-year period, driven by a reduction of the previously disclosed contingent consideration obligation due to a restatement adjustment related to achieving the contractual milestones associated with the Razorsight earn-out.

Restructuring charges increased $0.6 million to $0.9 million for the three months ended September 30, 2016, compared to the same prior-year period. For the nine months ended September 30, 2016 and 2015, restructuring charges remained flat at $5.0 million, respectively. We commenced separate workforce reduction plans in January 2015 and March 2016 that were designed to reduce costs and align our resources with our key strategic priorities. Material cash outlays for restructuring occur in the quarter in which the plan is initiated or the subsequent quarter.

Depreciation and amortization expense increased $4.0 million to $23.6 million for the three months ended September 30, 2016, compared to the same prior-year period. For the nine months ended September 30, 2016, depreciation and amortization expense increased $20.1 million to $70.5 million compared to the same prior-year period. The change in both periods was primarily related to the increase in depreciable fixed assets necessary for the continued expansion of our platforms and amortization of our newly acquired intangible assets related to our recent acquisitions.

Interest income decreased $0.3 million to $0.3 million for the three months ended September 30, 2016, compared to the same prior-year period and was driven by changes in our portfolio allocations compared to the respective prior year period. For the nine months ended September 30, 2016, interest income remained relatively flat at $1.5 million compared to the same prior-year period.

Interest expense increased $0.1 million to $1.6 million for the three months ended September 30, 2016, compared to the same prior-year period. For the nine months ended September 30, 2016, interest expense increased $0.8 million to $5.0 million compared to the same prior-year period due primarily to an increase of approximately $0.8 million related to the drawdown from the Amended Credit Facility.

Other income (expense), net decreased $0.8 million to a net expense of $0.2 million for the three months ended September 30, 2016, compared to the same prior-year period. The decrease was primarily due to a one-time $0.5 million benefit from the restructuring of certain facility leases and $0.2 million of rental income in 2016.

For the nine months ended September 30, 2016, other income (expense), net decreased $0.3 million to a net other expense of $0.1 million compared to the same prior-year period. The decrease was primarily due to a one-time $0.5 million benefit from the restructuring of certain facility leases.

Income tax benefit recognized was approximately $3.6 million during the three months ended September 30, 2016 compared to $7.8 million tax benefit during the three months ended September 30, 2015. Our effective tax rate was approximately 26.3% for the three months ended September 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. Our effective tax rate was approximately 43.8% for the three months ended September 30, 2015, which was higher than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

During the nine months ended September 30, 2016, we recognized approximately $18.8 million of income tax benefit compared to $4.7 million in income tax expenses during the nine months ended September 30, 2015. Our effective tax rate was approximately 24.9% for the nine months ended September 30, 2016, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. Our effective tax rate was approximately -59.9% for the nine months ended September 30, 2015, which was lower than our U.S. federal statutory rate primarily due to the unfavorable impact of losses in foreign jurisdictions, which have lower tax rates than the U.S. We review the expected annual effective income tax rate and make changes on a quarterly basis as necessary based on certain factors such as changes in forecasted annual operating income, changes to the actual and forecasted permanent book-to-tax differences, and changes resulting from the impact of tax law changes.

Liquidity and Capital Resources

As of December 31, 2017, our principal sources of liquidity have been cash provided by operations and proceeds from divestitures. Our cash, cash equivalents, marketable securities and restricted cash balance was $249.2 million at December 31, 2017. We anticipate that our principal uses of cash in the future will be to fund the expansion of our business through both organic growth and acquisition activities and the expansion of our customer base. Uses of cash will also include facility and technology expansion, significant integration and restructuring activities, capital expenditures, and working capital.

At December 31, 2017, our non-U.S. subsidiaries held approximately $29.4 million of cash and cash equivalents that are available for use by all of our operations around the world. At this time, we believe the funds held by all non-U.S. subsidiaries will be permanently reinvested outside of the U.S. However, if these funds were repatriated to the U.S. or used for U.S. operations, certain amounts could be subject to U.S. tax for the incremental amount in excess of the foreign tax paid. Due to the timing and circumstances of repatriation of these earnings, if any, it is not practical to determine the unrecognized deferred tax liability related to the amount.

We believe that our existing cash, cash equivalents, marketable securities, expected positive cash flows generated from operations will be sufficient to fund our operations for the next twelve months based on our current business plans. Our liquidity plans are subject to a number of risks and uncertainties, including those described in the "Forward-Looking Statements" section of this MD&A and Part I, Item 1A. “Risk Factors”, some of which are outside of our control.

2017 Credit Agreement

On January 19, 2017, we completed the acquisition of Intralinks. In connection with the acquisition, we entered into the 2017 Credit Agreement which was comprised of the 2017 Term Facility with a maturity date of January 19, 2024 (the “2017 Term Facility”) and the Revolving Facility with a maturity date of January 19, 2022 (the “Revolving Facility”), (together, the “2017 Credit Agreement”, as defined previously). Obligations under the 2017 Credit Agreement were guaranteed by certain of our subsidiaries and secured by substantially all of the Company’s and its subsidiaries’ assets.

The 2017 Term Facility amortized at 1% per annum in equal quarterly installments with the balance payable on the maturity date. The proceeds of the 2017 Term Facility were used to: finance a portion of the cash consideration in the offer and the merger to purchase all of the outstanding shares of Intralinks common stock; to refinance certain of our existing indebtedness, including the Amended Credit Agreement (the “Amended Credit Agreement”) with Wells Fargo Bank, National Association, as administrative agent (the “Administrative Agent”) and the several lenders party thereto dated July 7, 2016, the indebtedness of Intralinks (or our subsidiaries); and to pay related fees and expenses. The Revolving Facility included borrowing capacity available for letters of credit and for borrowings on same-day notice under swingline loans and borrowing thereunder could be used for working capital needs and other general corporate purposes.

The 2017 Term Facility initially bear an interest at a rate equal to, at our option, the adjusted LIBOR rate for an applicable interest period or an alternate base rate, in each case, plus an applicable margin of 2.75% or 1.75%, respectively. The Revolving Facility initially bear an interest at a rate equal to, at our option, the adjusted LIBOR rate or an alternate base rate, in each case, plus an applicable margin of 2.50% or 1.50%, respectively, subject to step-downs based on our ratio of first lien secured debt to adjusted earnings before interest, tax, depreciation and amortization (“EBITDA”), as defined in the 2017 Credit Agreement. We paid a commitment fee in the range of 0.25% to 0.375% on the unused balance of the Revolving Facility. Interest was payable quarterly under the 2017 Credit Agreement.

Subject to certain customary exceptions, the 2017 Term Facility was subject to mandatory prepayments in amounts equal to: (1) 100% of the net cash proceeds from any non-ordinary course sale or other disposition of assets (including as a result of casualty or condemnation) by Synchronoss or its subsidiaries subject to customary reinvestment provisions and certain other exceptions; (2) 100% of the net cash proceeds from incurrences of debt (other than permitted debt); and (3) a customary annual excess cash flow sweep at levels based on our applicable ratio of first lien secured debt to adjusted EBITDA, as defined in the 2017 Credit Agreement.

The 2017 Credit Agreement contained a number of customary affirmative and negative covenants and events of default, which, among other things, restricted our ability to incur debt, allow liens on assets, make investments, pay dividends or prepay certain other debt. The 2017 Credit Agreement also required us to comply with certain financial maintenance covenants, including a total gross leverage ratio and an interest charge coverage ratio.

Certain of the lenders under the 2017 Credit Agreement, or their affiliates, provided, and may in the future from time to time provide, certain commercial and investment banking, financial advisory and other services in the ordinary course of business for the registrant and its affiliates, for which they have in the past and may in the future receive customary fees and commissions.

As a result of our restatement, we were unable to comply with covenants requiring the timely delivery of audited financial statements and interim financial information. We obtained waivers to extend the dates by which the Company was required to deliver such financial information to June 30, 2017.

Waiver Agreement to 2017 Credit Agreement

On June 30, 2017, the Company, the Lenders and the Administrative Agent entered into a Limited Waiver to Credit Agreement (the “Waiver Agreement”) pursuant to which the Lenders agreed, subject to the limitations contained in the Waiver Agreement, to temporarily waive (the “Limited Waiver”) the anticipated event of default (the “Anticipated Event of Default”) resulting from our failure to deliver its first quarter 2017 financial statements, together with related items required under the 2017 Credit Agreement on or prior to June 30, 2017. In the absence of the Limited Waiver, after the occurrence of the Anticipated Event of Default the Lenders would be permitted to exercise their rights and remedies available to them under the 2017 Credit Facility with respect to an event of default. The Limited Waiver was designed to give us and the Lenders additional time to negotiate in good faith and document certain amendments to the 2017 Credit Facility.

As consideration for the Limited Waiver, we agreed to pay a consent fee to each Lender who consented to the Waiver Agreement in an amount equal to 0.15% of the aggregate principal amount of such consenting Lender’s revolving credit commitments and term loans outstanding under the 2017 Credit Agreement, which amount was credited against any consent fee that was required to be paid in connection with any subsequent waiver of the Anticipated Event of Default or related amendment of the 2017 Credit Agreement. In addition, we paid the reasonable fees and expenses of counsel and other costs and expenses requested by the Administrative Agent on behalf of the Lenders and certain other fees as set forth in the Waiver Agreement.

First Amendment to 2017 Credit Agreement

On July 19, 2017, we entered into a first amendment and limited waiver to the 2017 Credit Agreement (the “First Amendment”). Pursuant to the First Amendment, the lenders and administrative agent agreed to extend the time period for delivery of our quarterly financial statements for the quarters ended March 31, 2017 and June 30, 2017 (the “2017 Quarterly Financial Statements”) and to waive the default and event of default arising from our failure to deliver the 2017 Quarterly Financial Statements within the timeframe originally required by the 2017 Credit Agreement (or, at our election, November 16, 2017, if prior to October 17, 2017 we pay a fee to the Lenders equal to 25 basis points on the aggregate principal amount of revolving commitments and terms loans outstanding).

The First Amendment effected various other changes to the terms of the Credit Agreement, including reducing revolving credit commitments from $200.0 million to $100.0 million (with a sub-limit on usage of $50.0 million until the earliest date by which the Company has delivered the 2017 Quarterly Financial Statements, the restated financial statements for the fiscal years ended December 31, 2016 and 2015 (and the respective quarterly periods) and certain information with respect to disclosing and remedying any material weaknesses in our internal control structure related to financial reporting).

Under the First Amendment, we were required to maintain a first lien secured net leverage ratio of no more than (x) 5.50 to 1 for any period ending from September 30, 2017 through March 31, 2019; (y) 5.00 to 1 for any period ending June 30, 2019 through December 31, 2019; and (z) 4.25 to 1 for any period ending March 31, 2020 and thereafter. We were also required to maintain a minimum interest coverage ratio of no less than 2.00 to 1.

Until the earlier of (A) the later of (i) December 15, 2017 and (ii) in the event that, prior to December 15, 2017, the Company has publicly announced a strategic transaction, or merger, business combination, acquisition or divestiture that would result in a change of control or a requirement to prepay the loans and terminate commitments under the Amended Credit Agreement, the date on which such transaction is consummated or abandoned (the "Initial Period End Date") and (B) June 15, 2018, term loans under the Amended Credit Agreement bear interest at a rate equal to, at our option, the adjusted LIBOR rate for an applicable interest period or an alternate base rate (subject to a floor of 1.00% and 2.00%, respectively), in each case, plus an applicable margin of 4.50% or 3.50%, respectively. Thereafter, the applicable margins increase to 5.75% and 4.75%, respectively, if our first lien secured net leverage ratio is less than or equal to 5.00 to 1, and to 6.75% and 5.75%, respectively, if our first lien secured net leverage ratio is greater than 5.00 to 1. The foregoing applicable margins are subject to a retroactive increase of 0.25% each if the Restated Financial Statements show an amount of net revenue for any fiscal year ended December 31, 2015, December 31, 2016 and, if applicable, December 31, 2014 that varies by greater than 15% of the net revenue set forth on Consolidated Balance Sheets and related Consolidated Statements of Operations of the Company for such fiscal year that had originally been filed with the Securities and Exchange Commission.

Until the Initial Period End Date, revolving loans under the Amended Credit Agreement bear interest at a rate equal to, at our option, the adjusted LIBOR rate or an alternate base rate (subject to a floor of 1.00% and 2.00%, respectively), in each case, plus an applicable margin of 4.50% or 3.50%, respectively. Thereafter, the applicable margins will be subject to step-downs based on our first lien secured net leverage ratio.

Until the Initial Period End Date, term loans under the Amended Credit Agreement are subject to a prepayment premium of 1.00% solely if prepaid with proceeds of a repricing transaction. Thereafter, the term loans will be subject to (x) a 2.00% prepayment premium for any voluntary prepayments (including upon a change of control) made through the one-year anniversary of the Initial Period End Date and (y) a 1.00% prepayment premium for any voluntary prepayments (including upon a change of control) made after the one-year anniversary of the Initial Period End Date and prior to the second anniversary thereof.

The Amendment also effected various other changes to the baskets and exceptions under the negative covenants of the Credit Agreement.

Our effective interest rate on the term loans was approximately 4.08% prior to the First Amendment and ranged from 5.74% to 5.76% from July 19, 2017 through November 2017. During 2017,we paid approximately $16.8 million in fees related to obtaining waivers, amendments, and consents in relation to the 2017 Credit Agreement as a result of the delay in the delivery of the 2017 Quarterly Financial Statements. These costs were recognized within the Interest expense line of the Consolidated Statements of Operations until the debt was repaid in the fourth quarter of 2017. The remaining balance was recognized within the Extinguishment of debt line item of the Consolidated Statements of Operations.

Repayment of 2017 Credit Agreement

In connection with the consummation of the Intralinks divestiture (See *Note 4 - Acquisitions and Divestitures* of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K), we utilized a portion of the proceeds from the Intralinks divestiture to repay all outstanding obligations under the 2017 Credit Agreement. In connection therewith, we delivered all notices and took all other actions to facilitate and cause the termination of the 2017 Credit Agreement, the repayment in full of all obligations then outstanding thereunder and the release of any security interests in connection therewith, effective as of November 14, 2017. The aggregate payoff amount was approximately $897.5 million and included all accrued interest, fees and prepayment penalties associated therewith. The Company incurred approximately $29.4 million of a loss on the extinguishment of the 2017 Credit Agreement for the year ended December 31, 2017.

Amended Credit Facility

On July 7, 2016, we entered into an Amended Credit Facility, with the Administrative Agent and several lenders party thereto, which was permitted to be used for general corporate purposes was a $250.0 million unsecured revolving line of credit that was set to mature on July 7, 2021 ("Amended Credit Facility"), subject to terms and conditions set forth therein. We paid a commitment fee in the range of 15 to 30 basis points on the unused balance of the revolving credit facility under the Amended Credit Facility. We had the right to request an increase in the aggregate principal amount of the Amended Credit Facility up to $350.0 million. Interest on the borrowings ranged from 1.94% to 2.03%.

On January 19, 2017, the Company repaid all outstanding obligations under the Amended Credit Facility with Wells Fargo Bank and the several lenders party thereto. The aggregate payoff amount was $29.0 million and included all accrued interest and associated prepayment penalties. For further details, see *Note 11 - Debt* of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

Convertible Senior Notes

On August 12, 2014, we issued the 2019 Notes. The 2019 Notes mature on August 15, 2019, and bear interest at a rate of 0.75% per annum payable semi-annually in arrears on February 15 and August 15 of each year. We accounted for the $230.0 million face value of the debt as a liability and capitalized approximately $7.1 million of financing fees, related to the issuance. At December 31, 2017, the carrying amount of the liability was $227.7 million and the outstanding principal of the 2019 Notes was $230.0 million, with an effective interest rate of approximately 1.38%. For further details, see *Note 11 - Debt* of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.

The 2019 Notes are our senior unsecured obligations and are convertible into shares of our common stock based on a conversion rate of 18.8072 shares per $1,000 principal amount of 2019 Notes which is equivalent to an initial conversion price of approximately $53.17 per share. We will satisfy any conversion of the 2019 Notes with shares of our common stock. The 2019 Notes are convertible at the note holders' option prior to their maturity and if specified corporate transactions occur. The issue price of the 2019 Notes was equal to their face amount.

Holders of the 2019 Notes who convert their notes in connection with a qualifying fundamental change, as defined in the related indenture, may be entitled to a make-whole premium in the form of an increase in the conversion rate. Additionally, following the occurrence of a fundamental change, holders may require that we repurchase some or all of the 2019 Notes for cash at a repurchase price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest, if any. As of December 31, 2017, none of these conditions existed with respect to the 2019 Notes and as a result, the 2019 Notes are classified as long term.

A fundamental change occurs when, among other things, our common stock ceases to be listed or quoted on Nasdaq. In May 2018, trading of the our common stock has been suspended on Nasdaq, however, it has not been delisted (see *Note 21 - Subsequent Events Review* of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K.)

The 2019 Notes are our direct senior unsecured obligations and rank equal in right of payment to all of our existing and future unsecured and unsubordinated indebtedness.

At December 31, 2017, the carrying amount of the liability was $227.7 million and the outstanding principal of the 2019 Notes was $230.0 million, with an effective interest rate of approximately 1.38%. The fair value of the 2019 Notes was $218.5 million at December 31, 2017. The fair value of the liability of the 2019 Notes was determined using a discounted cash flow model based on current market interest rates available to the Company. These inputs are corroborated by observable market data for similar liabilities and therefore classified within Level 2 of the fair-value hierarchy.

We are required to meet all SEC filing requirements and deadlines in order to be in compliance with the 2019 Notes. In the event that we do not meet the filing requirements, the noteholders are entitled to receive additional interest of 0.25% up to 180 days from the date of the notice of default and 0.50% thereafter up to 360 days. The Company may agree to pay additional interest to the holders by notifying holders and the trustee within 90 days from the notice of default. If the Company decides to pay that interest, but has not remedied the event within 360 days from the notice of default, it will be in default. If the Company fails to elect to pay that additional interest, it will be in default if it does not remedy the event within the 90 days period.

We received a notice of default from holders of more than 25% of the outstanding principal amount of the 2019 Notes on October 13, 2017. Based on the terms of the 2019 Notes, the Company was obligated to begin paying additional interest starting January 11, 2018 (the 90th day following the Company's receipt of the notice of default).

We are required to record a derivative related to this contingent interest as a liability and expense in our financial statements. At December 31, 2017, the Company recorded a contingent interest derivative liability within accrued expenses and corresponding interest expense of approximately $0.2 million.

2013 Credit Facility

In September 2013, we entered into a Credit Facility (the "Credit Facility") with JP Morgan Chase Bank, N.A., as the administrative agent, Wells Fargo Bank, National Association, as the syndication agent and Capital One, National Association and KeyBank National Association, as co-documentation agents. The Credit Facility, which was used for general corporate purposes, was a $100.0 million unsecured revolving line of credit that was set to mature on September 27, 2018. We paid a commitment fee in the range of 25 to 35 basis points on the unused balance of the revolving credit facility under this credit agreement. We had the right to request an increase in the aggregate principal amount of the Credit Facility up to $150.0 million.

Interest on the borrowing was based upon LIBOR plus a 2.25 basis point margin. All outstanding balances under the Credit Facility were repaid on July 7, 2016 and the 2013 Credit Facility was terminated and replaced with the Amended Credit Facility.

Share Repurchase Program

On February 4, 2016, we announced that our Board of Directors approved a share repurchase program under which we may repurchase up to $100.0 million of our outstanding common stock for 12 to 18 months following the announcement. In 2016, the Company repurchased approximately 1.3 million shares of the Company's common stock under this program for an aggregate repurchase price of $40.0 million. There were no repurchases in 2017.

Redeemable Shares

Under the terms of the Share Purchase Agreement, the Company issued Series A Preferred to Siris for consideration totaling $185.0 million, of which $97.7 million was paid in cash, with the remainder settled by Siris' delivery of 5,994,667 shares of Synchronoss common stock. The Share Purchase Agreement also provided Siris with an option to put those shares to Synchronoss at price of $14.56 per share, or $87.3 million in the aggregate, if the Share Purchase Agreement was terminated. The Share Purchase Agreement required the Company to establish an escrow account of $87.3 million on the earlier date of the sale of Intralinks to Siris or the termination of the Share Purchase Agreement to fund our obligation under the put option. The option is exercisable within five days of the termination of the Share Purchase Agreement.

Shares of Preferred Stock

In accordance with the terms of the Share Purchase Agreement dated as of October 17, 2017 (the "PIPE Purchase Agreement"), with Silver, on February 15, 2018, we issued to Silver 185,000 shares of our newly issued Series A Preferred Stock, par value $0.0001 per share, with an initial liquidation preference of $1,000 per share, in exchange for $97.7 million in cash and the transfer from Silver to us of the 5,994,667 shares of our common stock held by Silver (the "Preferred Transaction"). In connection with the issuance of the Series A Preferred Stock, we (i) filed the Series A Certificate and (ii) entered into an Investor Rights Agreement with Silver setting forth certain registration, governance and preemptive rights of Silver with respect to us (the "Investor Rights Agreement"). Pursuant to the PIPE Purchase Agreement, at the closing, we paid to Siris $5.0 million as a reimbursement of Silver's reasonable costs and expenses incurred in connection with the Preferred Transaction.

Certificate of Designation of the Series A Preferred Stock

The rights, preferences, privileges, qualifications, restrictions and limitations of the shares of Series A Preferred Stock are set forth in the Series A Certificate. Under the Series A Certificate, the holders of the Series A Preferred Stock are entitled to receive Preferred Dividends. The Preferred Dividends are due on each Series A Dividend Payment Date. We may choose to pay the Preferred Dividends in cash or in additional shares of Series A Preferred Stock. In the event we do not declare and pay a dividend in-kind or in cash on any Series A Dividend Payment Date, the unpaid amount of the Preferred Dividend will be added to the Liquidation Preference. In addition, the Series A Preferred Stock participates in dividends declared and paid on shares of our common stock.

Each share of Series A Preferred Stock is convertible, at the option of the holder, into the number of shares of common stock equal to the "Conversion Price" (as that term is defined in the Series A Certificate) multiplied by the then applicable "Conversion Rate" (as that term is defined in the Series A Certificate). Each share of Series A Preferred Stock is initially convertible into 55.5556 shares of common stock, representing an initial "conversion price" of approximately $18.00 per share of common stock. The Conversion Rate is subject to equitable proportionate adjustment in the event of stock splits, recapitalizations and other events set forth in the Series A Certificate.

On and after the fifth anniversary of February 15, 2018, holders of shares of Series A Preferred Stock have the right to cause us to redeem each share of Series A Preferred Stock for cash in an amount equal to the sum of the current liquidation preference and any accrued dividends. Each share of Series A Preferred Stock is also redeemable at the option of the holder upon the occurrence of a "Fundamental Change" (as that term is defined in the Series A Certificate) at a specified premium. In addition, we are also permitted to redeem all outstanding shares of the Series A Preferred Stock at any time (i) within the first 30 months of the date of issuance for the sum of the then-applicable Liquidation Preference, accrued but unpaid dividends and a make whole amount and (ii) following the 30-month anniversary of the date of issuance for the sum of the then-applicable Liquidation Preference and the accrued but unpaid dividends.

The holders of a majority of the Series A Preferred Stock, voting separately as a class, are entitled at each of our annual meetings of stockholders or at any special meeting called for the purpose of electing directors (or by written consent signed by the holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting): (i) to nominate and elect two members of our Board of Directors for so long as the Preferred Percentage (as defined in the Series A Certificate) is equal to or greater than 10%; and (ii) to nominate and elect one member of our Board of Directors for so long as the Preferred Percentage is equal to or greater than 5% but less than 10%.

For so long as the holders of shares of Series A Preferred Stock have the right to nominate at least one director, we are required to obtain the prior approval of Silver prior to taking certain actions, including: (i) certain dividends, repayments and redemptions; (ii) any amendment to our certificate of incorporation that adversely effects the rights, preferences, privileges or voting powers of the Series A Preferred Stock; (iii) issuances of stock ranking senior or equivalent to shares of Series A Preferred Stock (including additional shares of Series A Preferred Stock) in the priority of payment of dividends or in the distribution of assets upon any liquidation, dissolution or winding up of us; (iv) changes in the size of our Board of Directors; (v) any amendment, alteration, modification or repeal of the charter of our Nominating and Corporate Governance Committee of the Board of Directors and related documents; and (vi) any change in our principal business or the entry into any line of business outside of our existing lines of businesses. In addition, in the event that we are in EBITDA Non-Compliance (as defined in the Series A Certificate) or the undertaking of certain actions would result in us exceeding a specified pro forma leverage ratio, then the prior approval of Silver would be required to incur indebtedness (or alter any debt document) in excess of $10.0 million, enter or consummate any transaction where the fair market value exceeds $5.0 million individually or $10.0 million in the aggregate in a fiscal year or authorize or commit to capital expenditures in excess of $25.0 million in a fiscal year.

Each holder of Series A Preferred Stock has one vote per share on any matter on which holders of Series A Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent. The holders of Series A Preferred Stock are permitted to take any action or consent to any action with respect to such rights without a meeting by delivering a consent in writing or electronic transmission of the holders of the Series A Preferred Stock entitled to cast not less than the minimum number of votes that would be necessary to authorize, take or consent to such action at a meeting of stockholders. In addition to any vote (or action taken by written consent) of the holders of the shares of Series A Preferred Stock as a separate class provided for in the Series A Certificate or by the General Corporation Law of the State of Delaware, the holders of shares of the Series A Preferred Stock are entitled to vote with the holders of shares of common stock (and any other class or series that may similarly be entitled to vote on an as-converted basis with the holders of common stock) on all matters submitted to a vote or to the consent of the stockholders of the Company (including the election of directors) as one class.

Under the Series A Certificate, if Silver and certain of its affiliates have elected to effect a conversion of some or all of their shares of Series A Preferred Stock and if the sum, without duplication, of (i) the aggregate number of shares of our common stock issued to such holders upon such conversion and any shares of our common stock previously issued to such holders upon conversion of Series A Preferred Stock and then held by such holders, plus (ii) the number of shares of our common stock underlying shares of Series A Preferred Stock that would be held at such time by such holders (after giving effect to such conversion), would exceed the 19.9% of the issued and outstanding shares of our voting stock on an as converted basis (the “Conversion Cap”), then such holders would only be entitled to convert such number of shares as would result in the sum of clauses (i) and (ii) (after giving effect to such conversion) being equal to the Conversion Cap (after giving effect to any such limitation on conversion). Any shares of Series A Preferred Stock which a holder has elected to convert but which, by reason of the previous sentence, are not so converted, will be treated as if the holder had not made such election to convert and such shares of Series A Preferred Stock will remain outstanding. Also, under the Series A Certificate, if the sum, without duplication, of (i) the aggregate voting power of the shares previously issued to Silver and certain of its affiliates held by such holders at the record date, plus (ii) the aggregate voting power of the shares of Series A Preferred Stock held by such holders as of such record date, would exceed 19.99% of the total voting power of our outstanding voting stock at such record date, then, with respect to such shares, Silver and certain of its affiliates are only entitled to cast a number of votes equal to 19.99% of such total voting power. The limitation on conversion and voting ceases to apply upon receipt of the requisite approval of holders of our common stock under the applicable listing standards.

Form of Investor Rights Agreement

Concurrently with the closing of the Preferred Transaction, Synchronoss and Silver entered into an Investor Rights Agreement. Under the terms of the Investor Rights Agreement, Silver and Synchronoss have agreed that, effective as of the closing of the Preferred Transaction, the Board of Directors of Synchronoss will consist of ten members. From and after the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate a member to the Board of Directors pursuant to the Series A Certificate, the Board of Directors of Synchronoss will consist of (i) two directors nominated and elected by the holders of shares of Series A Preferred Stock; (ii) four directors who meet the independence criteria set forth in the applicable listing standards (each of whom will be initially agreed upon by Synchronoss and Silver); and (iii) four other directors, two of whom shall satisfy the independence criteria of the applicable listing standards and, as of the closing of the Preferred Transaction, one of whom shall be the individual then serving as chief executive officer of Synchronoss and one of whom shall be the current chairman of the Board of Directors of Synchronoss as of the date of execution of the Investors Rights Agreement. Following the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate at least one director to the Board of Directors of Synchronoss pursuant to the Series A Certificate, Silver will have the right to designate two members of the Nominating and Corporate Governance Committee of the Board of Directors.

Pursuant to the terms of the Investor Rights Agreement, neither Silver nor its affiliates may transfer any shares of Series A Preferred Stock subject to certain exceptions (including transfers to affiliates that agree to be bound by the terms of the Investor Rights Agreement).

For so long as Silver has the right to appoint a director to the Board of Directors of Synchronoss, without the prior approval by a majority of directors voting who are not appointed by the holders of shares of Series A Preferred Stock, neither Silver nor its affiliates will directly or indirectly purchase or acquire any debt or equity securities of Synchronoss (including equity-linked derivative securities) if such purchase or acquisition would result in Silver's Standstill Percentage (as defined in the Investor Rights Agreement) being in excess of 30%. However, the foregoing standstill restrictions would not prohibit the purchase of shares pursuant to the PIPE Purchase Agreement or the receipt of shares of Series A Preferred Stock issued as Preferred Dividends pursuant to the Series A Certificate, shares of Common Stock received upon conversion of shares of Series A Preferred Stock or receipt of any shares of Series A Preferred Stock, Common Stock or other securities of the Company otherwise paid as dividends or as an increase of the Liquidation Preference (as defined in the Series A Certificate) or distributions thereon. Silver will also have preemptive rights with respect to issuances of securities of Synchronoss in order to maintain its ownership percentage.

Under the terms of the Investor Rights Agreement, Silver will be entitled to (i) three demand registrations, with no more than two demand registrations in any single calendar year and provided that each demand registration must include at least 10% of the shares of Common Stock held by Silver, including shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock and (ii) unlimited piggyback registration rights with respect to primary issuances and all other issuances.

Discussion of Cash Flows

A summary of net cash flows follows (in thousands):

	Year ended December 31,			2017 vs 2016	2016 vs 2015
	2017	**2016**	**2015**	**Change**	**Change**
Net cash provided by (used in):		**(Restated)**	**(Restated)**		
Operating activities	$ (18,248)	$ 104,559	$ 91,986	$ (122,807)	$ 12,573
Investing activities	98,245	(39,775)	(195,080)	138,020	155,305
Financing activities	(35,664)	(370)	15,349	(35,294)	(15,719)

Our primary source of cash is receipts from revenue. The primary uses of cash are personnel and related costs, telecommunications and facility costs related primarily to our cost of revenue and general operating expenses including professional service fees, consulting fees, building and equipment maintenance and marketing expense. Other sources of cash are proceeds from the exercise of employee stock options. Other uses of cash include our stock repurchase program, merger and acquisition costs and purchases of property and equipment.

Cash flows from operating activities in 2017 decreased by $122.8 million in comparison to 2016 due to a $51.0 million decrease in cash earnings, due in part to higher cash interest and lower revenues. Additional decreases were due to unfavorable changes in working capital of $71.8 million. Cash flows from operating activities in 2016 increased by $12.6 million compared to 2015 and reflects a $74.5 million increase in cash provided by changes in working capital, partially offset by a $61.9 million decrease in cash earnings.

Cash flows from investing activities in 2017 increased by $138.0 million in comparison to 2016 primarily due to the sale of Intralinks in 2017. Cash flows used by investing activities in 2016 increased by $155.3 million as compared to the prior year period primarily due to a reduction of purchases of marketable securities, proceeds from the sale of our BPO business and less cash used in acquisitions.

Cash flows from financing activities in 2017 decreased by $35.3 million in comparison to 2016 primarily due to a $39.0 million increase debt issuance costs and the payment of all outstanding borrowings on the revolving line of credit.

Additionally , in 2016 the Company repurchased $40.0 million for common stock. Cash flows from financing activities in 2016 decreased $15.7 million primarily reduced proceeds from the exercise of stock options compared to 2015, partially offset by payments made on contingent consideration arrangements.

We believe that our existing cash and cash equivalents, cash generated from our existing operations, our available credit facilities and other available sources of financing will be sufficient to fund our operations for the next twelve months based on our current business plans.

Effect of Inflation

Although inflation generally affects us by increasing our cost of labor and equipment, we do not believe that inflation has had any material effect on our results of operations during 2017, 2016 and 2015. We do not expect the current rate of inflation to have a material impact on our business.

Contractual Obligations

Our contractual commitments consist of obligations under leases for office space, automobiles, convertible debt and its associated interest expense, co-location agreements, computer equipment and furniture and fixtures. The following table summarizes our long-term contractual obligations as of December 31, 2017 (in thousands).

	Payments Due by Period				
	Total	Less Than 1 Year	1—3 Years	4—5 Years	More Than 5 Years
Capital lease obligations [1]	$ 15,249	$ 2,465	$ 4,347	$ 2,563	$ 5,874
Convertible Senior Notes [2]	230,000	—	230,000	—	—
Interest [3]	2,803	1,725	1,078	—	—
Operating lease obligations	85,339	9,743	19,996	17,908	37,692
Purchase obligations [4]	16,875	7,888	8,987	—	—
Mandatorily redeemable financial instrument [5]	37,959	37,959	—	—	—
Other long-term liabilities [6]	4,542	3,466	1,076	—	—
Total	$ 392,767	$ 63,246	$ 265,484	$ 20,471	$ 43,566

(1) Amount includes the Pennsylvania facility lease and the VCHS data center.
(2) In the event the Company were to become delisted, amounts herein would become due immediately.
(3) Represents the interest on the Convertible Senior Notes. If the Company is delisted from Nasdaq, this becomes current.
(4) Amount represents obligations associated with colocation agreements and other customer delivery related purchase obligations .
(5) Amount represents the Siris Put Right provided to a third-party in relation to the sale of Intralinks in November 2017. See *Note 4 - Acquisitions & Divestitures* for further details.
(6) Amount represents unrecognized tax positions recorded in our balance sheet. Although the timing of the settlement is uncertain, we believe this amount will be settled within 3 years.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements in accordance with U.S. GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during a fiscal period. The SEC considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of the critical accounting policies with the Audit Committee, and the Audit Committee has reviewed our related disclosures in this Form 10-K. Although we believe that our judgments and estimates are appropriate, correct and reasonable under the circumstances, actual results may differ from those estimates. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations for future periods could be materially affected. See "Risk Factors" for certain matters bearing risks on our future results of operations.

We believe the following to be our critical accounting policies because they are important to the portrayal of our consolidated financial condition and results of operations and they require critical management judgments and estimates about matters that are uncertain.

Revenue Recognition and Deferred Revenue

The Company generates revenue from the delivery of a range of products, solutions and services for operators, enterprises, OEMs and technology providers . We offer services principally on a Transactional or Subscription basis (SaaS) or in the form of Professional Services or Software Licenses. Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, fees are fixed or determinable and collection is considered probable.

Transactional and Subscription Service Arrangements: Transaction service arrangements include services such as the processing of equipment orders, new account set-up and activation, number port requests, credit checks and inventory management. Subscription services include monthly active user fees, SaaS fees, hosting and storage and the related maintenance support for those services. Transaction revenues are principally based on a contractual price per transaction and are recognized based on the number of transactions processed during each reporting period. Subscription revenues are recorded either on a straight-line basis over the life of the contract or as a fixed monthly fee.

Professional Service and Software License Arrangements: Professional services include process and workflow consulting services and development services. Professional services when sold with transactional, subscription service or software licenses are accounted for separately when the professional services have value to the customer on a standalone basis and there is objective and reliable evidence of fair value of the professional services. If a professional service arrangement were not to qualify for separate accounting, we would recognize the professional service revenues ratably over the remaining term of the transaction or subscription agreement or over the life of a software implementation project.

Revenue from software license arrangements is recognized when the license is delivered to our customers and all of the software revenue recognition criteria are met. When software arrangements include multiple elements, the arrangement consideration is allocated at the inception to all deliverables using the residual method providing we have vendor specific objective evidence ("VSOE") on all undelivered elements.

While we follow specific and detailed rules and guidelines related to revenue recognition, we make and use management judgments and estimates in connection with the revenue recognized in any reporting period, particularly in the areas described above, as well as collectability. If management made different estimates or judgments, differences in the timing of the recognition of revenue could occur.

Deferred Revenue

Deferred revenues primarily represent billings to customers for services in advance of the performance of services, with revenues recognized as the services are rendered, and also include the fair value of deferred revenues recorded as a result of acquisitions.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated bad debts resulting from the inability of our customers to make required payments. The amount of the allowance account is based on historical experience and our analysis of the accounts receivable balance outstanding. While credit losses have historically been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit losses that we have in the past or that our reserves will be adequate. If the financial condition of one of our customers were to deteriorate, resulting in its inability to make payments, additional allowances may be required which would result in an additional expense in the period that this determination was made.

Allowance for Loan Losses

The Company's allowance for credit losses relates to the related party note receivable and is based on the probable estimated losses that may be incurred. The allowance is based on two basic principles of accounting: (1) ASC Topic 450, "Accounting for Contingencies", which requires that losses be accrued when they are probable of occurring and estimable, and (2) ASC Topic 310, "Accounting by Creditors for Impairment of a Loan", which requires that losses be accrued based on the differences between the value of collateral and the present value of future cash flows.

The allowance for loan losses is established to estimate losses that may occur by recording a provision for loan losses that is charged to earnings in the period known. The allowance is evaluated by management taking into consideration adverse situations that may affect the borrower's ability to repay and the estimated value of any underlying collateral. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Measured impairment and credit losses are charged against the allowance when management believes to the extent amounts are not collectible.

Stock-Based Compensation

As of December 31, 2017, we maintain eight stock-based compensation plans. We utilize the Black-Scholes pricing model to determine the fair value of stock options on the dates of grant. Restricted stock awards are measured based on the fair market values of the underlying stock on the dates of grant. We recognize stock-based compensation over the requisite service period with an offsetting credit to additional paid-in capital.

For our performance restricted stock awards, we estimate the number of shares the recipient is to receive by applying a probability of achieving the performance goals. The actual number of shares the recipient receives is determined at the end of the performance period based on the results achieved versus goals based on our performance targets, such as revenue and EBITDA. Once the number of awards is determined, the compensation cost is fixed and continues to be recognized using straight line recognition over the requisite service period for each vesting tranche.

During 2017, our Board approved the issuance of performance-based restricted stock to certain executives which are eligible to vest if the volume-weighted average closing price over 20 consecutive trading days equals or exceeds certain stock prices during the specific performance period from July 2017 to July 2019. We utilized the Monte Carlo simulation to estimate the fair value of the restricted stock on its grant date.

Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on our historical information of our stock. The average expected life was determined using historical stock option exercise activity. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. We have never declared or paid cash dividends on our common or preferred equity and do not anticipate paying any cash dividends in the foreseeable future. Forfeitures are accounted for as they occur.

Income Taxes

On December 22, 2017, the U.S. government enacted TCJA. The TCJA makes changes to the corporate tax rate, business-related deductions and taxation of foreign earnings, among others, that will generally be effective for taxable years beginning after December 31, 2017. These changes could have a material adverse impact on the value of our U.S. deferred tax assets and liabilities, result in significant one-time charges in the current or future taxable years and increase our future U.S. tax expense. Due to the complexities involved in accounting for the recently enacted TCJA, the SEC's Staff Accounting Bulletin ("SAB") 118 requires that the company include in its financial statements the reasonable estimate of the impact of the TCJA on earnings to the extent such reasonable estimate has been determined. Accordingly, the U.S. provision for income tax for 2017 is based on the reasonable estimate guidance provided by SAB 118. The Company is continuing to assess the impact from the TCJA and will record adjustments in 2018.

Since we conduct operations on a global basis, our effective tax rate has and will depend upon the geographic distribution of our pre-tax earnings among locations with varying tax rates. We account for the effects of income taxes that result from our activities during the current and preceding years. Under this method, deferred income tax liabilities and assets are based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse or be utilized. The realization of deferred tax assets is contingent upon the generation of future taxable income. A valuation allowance is recorded if it is "more likely than not" that a portion or all of a deferred tax asset will not be realized.

In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, we begin with historical results and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax-planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses.

We recognize a tax benefit from an uncertain tax position only if it is more likely than not to be sustained upon examination based on the technical merits of the position. The amount of the accrual for which an exposure exists is measured by determining the amount that has a greater than 50 percent likelihood of being realized upon the settlement of the position. Components of the reserve are classified as current or a long term liability in the Consolidated Balance Sheets based on when we expect each of the items to be settled. We record interest and penalties accrued in relation to uncertain tax benefits as a component of interest expense. We expect that the amount of unrecognized tax benefits will change during 2018, we expect the change to have a $2.8 million impact on our results of operations and financial position.

While we believe we have identified all reasonably identifiable exposures and that the reserve we have established for identifiable exposures is appropriate under the circumstances, it is possible that additional exposures exist and that exposures may be settled at amounts different than the amounts reserved. It is also possible that changes in facts and circumstances could cause us to either materially increase or reduce the carrying amount of our tax reserves. In general, tax returns for the year 2014 and thereafter are subject to future examination by tax authorities.

Our policy has been to leave our cumulative unremitted foreign earnings invested indefinitely outside the United States, and we intend to continue this policy. Although the transition tax in the TCJA has removed U.S. federal taxes on distributions to the U.S. on a go forward, the Company continues to assert permanent reinvestment on foreign earnings. Due to the timing and circumstances of repatriation of such earnings, if any, it is not practicable to determine the unrecognized deferred tax liability relating to such amounts.

Business Combinations

We account for business combinations in accordance with the acquisition method. The acquisition method of accounting requires that assets acquired, and liabilities assumed and any noncontrolling interest in the aquiree (if any), be recorded at their fair values on the date of a business acquisition. Our consolidated financial statements and results of operations reflect an acquired business from the completion date of the transaction.

The judgments that we make in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income in periods following a business combination. We generally use either the income, cost or market approach to aid in our conclusions of such fair values and asset lives. The income approach presumes that the value of an asset can be estimated by the net economic benefit to be received over the life of the asset, discounted to present value. The cost approach presumes that an investor would pay no more for an asset than its replacement or reproduction cost. The market approach estimates value based on what other participants in the market have paid for reasonably similar assets. Although each valuation approach is considered in valuing the assets acquired, the approach ultimately selected is based on the characteristics of the asset and the availability of information.

We record contingent consideration resulting from a business combination at its fair value on the acquisition date. Each reporting period thereafter, we revalue these obligations and record increases or decreases in their fair value as an adjustment to net change in contingent consideration obligation within the Consolidated Statements of Operations. Changes in the fair value of the contingent consideration obligation can result from updates in the achievement of financial or other operational targets and changes to the weighted probability of achieving those future targets. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date and for each subsequent period. Accordingly, any change in the assumptions described above, could have a material impact on the amount of the net change in contingent consideration obligation that we record in any given period.

Discontinued Operations

Management classifies a disposal transaction as discontinued operation in the consolidated financial statements when it qualifies as a component of the Company, meets the held for sale criteria, is disposed of by sale, or is disposed of other than by sale and it represents a strategic shift that has a major effect on our operations and financial results. Insignificant and non-strategic shifting divestitures are not classified as within discontinued operations.

Investments in Affiliates and Other Entities

In the normal course of business, we enter into various types of investment arrangements, each having unique terms and conditions. These investments may include equity interests held by us in business entities, including general or limited partnerships, contractual ventures, or other forms of equity participation. Management determines whether such investments involve a variable interest entity ("VIE") based on the characteristics of the subject entity. If the entity is determined to be a VIE, then management determines if we are the primary beneficiary of the entity and whether or not consolidation of the VIE is required. The primary beneficiary consolidating the VIE must normally have both (i) the power to direct the activities of a VIE that most significantly affect the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE, in either case that could potentially be significant to the VIE. When we are deemed to be the primary beneficiary, the VIE is consolidated and the other party's equity interest in the VIE is accounted for as a noncontrolling interest.

We generally account for investments that we make in VIEs in which we have determined that we do not have a controlling financial interest but have significant influence over and hold at least a 20% ownership interest using the equity method. Any such investment not meeting the parameters to be accounted under the equity method would be accounted for using the cost method unless the investment had a readily determinable fair value, at which it would then be reported.

If an entity fails to meet the characteristics of a VIE, management then evaluates such entity under the voting model. Under the voting model, we would consolidate the entity if it is determined that we, directly or indirectly, have greater than 50% of the voting shares, and determine that other equity holders do not have substantive participating rights.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired, including other definite-lived intangible assets. Our policy is to perform an impairment test of goodwill at least annually, and more frequently if events or circumstances occurred that would indicate a reduced fair value in our reporting units could exist. Typically, we perform a qualitative assessment in the fourth quarter of the fiscal year to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value. As part of this qualitative assessment, we perform a quantitative assessment where necessary in substantiating our qualitative assessment.

During our qualitative assessment we make significant estimates, assumptions, and judgments, around the financial performance of the Company, changes in our share price, and forecasts of earnings, working capital requirements, and cash flows. We consider each reporting unit's historical results and operating trends as well as any strategic difference from our historical results when determining these assumptions.

If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, we perform a quantitative goodwill impairment test. Fair value estimates used in the quantitative impairment test are calculated using a combination of the income and market approaches. The income approach is based on the present value of future cash flows of each reporting unit, while the market approach is based on certain multiples of selected guideline public companies or selected guideline transactions. The approaches incorporate a number of market participant assumptions including future growth rates, discount rates, income tax rates and market activity in assessing fair value and are reporting unit specific. If the carrying amount exceeds the reporting unit's fair value, we recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

The fair value measurement associated with the quantitative goodwill impairment test is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Significant changes in the underlying assumptions used to value goodwill could significantly increase or decrease the fair value estimates used for impairment assessments.

Capitalized Software Development Costs

Software development costs are accounted for in accordance with either ASC 985-20, *“Software - Costs of Software to be Sold, Leased or Marketed,”* or ASC 350-40, *“Internal-Use Software.”* Costs associated with the planning and designing phase of software development are classified as research and development costs and are expensed as incurred. The amounts capitalized include external direct costs of services used in developing internal-use software, employee compensation and related expenses of personnel directly associated with the development activities and interest. Once technological feasibility has been determined, a portion of the costs incurred in development, including coding, testing and quality assurance, are capitalized until available for general release to clients.

Amortization is calculated on a solution-by-solution basis and is recognized over the estimated economic life of the software, typically ranging two to three years. Amortization begins when the software is substantially completed for its intended use. Costs incurred during the preliminary and post-implementation stages are expensed as incurred. The amounts capitalized include external direct costs of services used in developing internal-use software, employee compensation and related expenses of personnel directly associated with the development activities and interest. Software development costs are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Unrecoverable costs are reviewed annually and recognized in the period they become unrecoverable, as needed, and are recorded in the Consolidated Statements of Operations as depreciation and amortization expense.

Impairment of Long-Lived Assets

A review of long-lived assets for impairment is performed when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If an indication of impairment is present, the Company compares the estimated undiscounted future cash flows to be generated by the asset to the asset’s carrying amount. If the undiscounted future cash flows are less than the carrying amount of the asset, the Company records an impairment loss equal to the amount by which the asset’s carrying amount exceeds its fair value. The fair value is determined based on valuation techniques such as a comparison to fair values of similar assets or using a discounted cash flow analysis.

This fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Significant changes in the underlying assumptions used to value long lived assets could significantly increase or decrease the fair value estimates used for impairment assessments.

Long lived assets that do not have indefinite lives are amortized/depreciated over their useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company reevaluates the useful life determinations each year to determine whether events and circumstances warrant a revision to the remaining useful lives.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards see *Note 3 - Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of and during the years ended December 31, 2017 and December 31, 2016 that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our interests.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Market Risk

The following discussion about market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We deposit our excess cash in what we believe are high-quality financial instruments, primarily money market funds and certificates of deposit and, we may be exposed to market risks related to changes in interest rates. We do not actively manage the risk of interest rate fluctuations on our marketable securities; however, such risk is mitigated by the relatively short-term nature of these investments. These investments are denominated in United States dollars.

The primary objective of our investment activities is to preserve our capital for the purpose of funding operations, while at the same time maximizing the income we receive from our investments without significantly increasing risk. To achieve these objectives, our investment policy allows us to maintain a portfolio of cash equivalents and short- and long-term investments in a variety of securities, which could include commercial paper, money market funds and corporate and government debt securities. Our cash, cash equivalents and marketable securities at December 31, 2017 and 2016 were invested in liquid money market accounts, certificates of deposit and government securities. All market-risk sensitive instruments were entered into for non-trading purposes.

Foreign Currency Exchange Risk

We are exposed to translation risk because certain of our foreign operations utilize the local currency as their functional currency and those financial results must be translated into U.S dollars. As currency exchange rates fluctuate, translation of the financial statements of foreign businesses into U.S. dollars affects the comparability of financial results between years.

We do not hold any derivative instruments and do not engage in any hedging activities to mitigate foreign currency exchange risk. Although our reporting currency is the U.S. dollar, we may conduct business and incur costs in the local currencies of other countries in which we may operate, make sales and buy materials and services. As a result, we are subject to currency translation risk. Further, changes in exchange rates between foreign currencies and the U.S. dollar could affect our future net sales, cost of sales and expenses and could result in exchange losses.

We cannot accurately predict future exchange rates or the overall impact of future exchange rate fluctuations on our business, results of operations and financial condition. To the extent that our international activities recorded in local currencies increase in the future, our exposure to fluctuations in currency exchange rates will correspondingly increase and hedging activities may be considered if appropriate.

Interest Rate Risk

We are exposed to the risk of interest rate fluctuations on the interest income earned on our cash and cash equivalents. A hypothetical 100 basis point movement in interest rates applicable to our cash and cash equivalents outstanding at December 31, 2017 would increase interest income by less than $2.5 million on an annual basis.

Borrowings under our convertible debt are at fixed rates of interest. As such, our net income is not sensitive to movements in interest rates. If interest rates increase, our debt obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. Such increases in interest rates could have a material adverse effect on our cash flow and financial condition. As of December 31, 2017, we held a contingent derivative interest fair valued at $0.2 million.

Based on our outstanding borrowings at December 31, 2017, a one-percentage point change in interest rates would have affected interest expense on the debt by $0.0 million on an annualized basis.

ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Synchronoss Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Synchronoss Technologies, Inc. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated June 29, 2018 expressed an adverse opinion thereon.

Restatement of 2016 and 2015 Financial Statements

As discussed in Note 2 to the consolidated financial statements, the 2016 and 2015 consolidated financial statements have been restated to correct various misstatements identified during the Company's internal investigation.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the 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 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. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2001.
Iselin, New Jersey
June 29, 2018

SYNCHRONOSS TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS (See Note 3)
(In thousands)

	December 31, 2017	December 31, 2016 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 156,299	$ 169,801
Restricted cash**	89,826	41,632
Marketable securities	3,111	12,506
Accounts receivable, net of allowance for doubtful receivables of $3,107 and $1,459 at December 31, 2017 and December 31, 2016, respectively**	78,186	107,474
Prepaid and other current assets	43,557	38,277
Total current assets	370,979	369,690
Marketable securities	—	2,974
Property and equipment, net	111,825	158,205
Goodwill	237,303	224,651
Intangible assets, net	132,167	162,968
Deferred tax assets	—	13,286
Other assets	5,236	8,658
Note receivable from related party, net of allowance for loan losses of $14,562 at December 31, 2017**	73,984	70,269
Equity method investment	33,917	43,650
Total assets	$ 965,411	$ 1,054,351
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,959	$ 17,057
Accrued expenses	72,739	76,882
Deferred revenues	75,829	57,430
Contingent consideration obligation	—	2,833
Short-term debt	—	29,000
Mandatorily redeemable financial instrument	37,959	—
Total current liabilities	192,486	183,202
Lease financing obligation	11,183	12,450
Convertible debt, net of debt issuance costs	227,704	226,291
Deferred tax liabilities	13,735	3,508
Deferred revenues	25,241	65,630
Other liabilities	6,195	8,193
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interest	25,280	25,280
Stockholders' equity:		
Common stock, $0.0001 par value; 100,000 shares authorized, 52,024 and 50,388 shares issued; 46,965 and 45,292 outstanding at December 31, 2017 and December 31, 2016, respectively	5	5
Treasury stock, at cost (5,059 and 5,096 shares at December 31, 2017 and December 31, 2016, respectively)	(105,584)	(106,631)
Additional paid-in capital	597,553	571,153
Accumulated other comprehensive loss	(23,373)	(42,350)
Retained earnings	(5,014)	107,620
Total stockholders' equity	463,587	529,797
Total liabilities and stockholders' equity	$ 965,411	$ 1,054,351

** See *Note 6 -Investments in Affiliates and Related Transactions* for related party transactions reflected in this account

See accompanying notes to consolidated financial statements.

SYNCHRONOSS TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (See Note 3)
(In thousands, except per share data)

	Year Ended December 31,		
	2017	**2016**	**2015**
		(Restated)	**(Restated)**
Net revenues**	$ 402,361	$ 426,294	$ 372,561
Costs and expenses:			
Cost of revenues*	181,453	194,684	154,810
Research and development	90,850	114,493	92,763
Selling, general and administrative	154,037	126,228	84,591
Net change in contingent consideration obligation	—	1,194	1,515
Restructuring charges	10,739	6,333	4,946
Depreciation and amortization	94,884	105,966	71,049
Total costs and expenses	531,963	548,898	409,674
Loss from continuing operations	(129,602)	(122,604)	(37,113)
Interest income**	12,502	1,907	2,047
Interest expense	(55,771)	(7,414)	(5,711)
Loss on extinguishment of debt	(29,413)	—	—
Other (expense) income, net	(17,678)	1,022	607
Equity method investment loss	(9,125)	—	—
Loss from continuing operations, before taxes	(229,087)	(127,089)	(40,170)
Benefit for income taxes	34,863	33,220	2,388
Net loss from continuing operations	(194,224)	(93,869)	(37,782)
Net income from discontinued operations, net of taxes	75,495	90,560	40,267
Net (loss) income	(118,729)	(3,309)	2,485
Net (loss) income attributable to noncontrolling interests	(9,291)	(15,203)	(628)
Net (loss) income attributable to Synchronoss	$ (109,438)	$ 11,894	$ 3,113
Basic †			
Continuing operations	$ (4.14)	$ (1.81)	$ (0.88)
Discontinued operations	1.69	2.08	0.95
	$ (2.45)	$ 0.27	$ 0.07
Diluted †			
Continuing operations	$ (4.14)	$ (1.81)	$ (0.88)
Discontinued operations	1.69	2.08	0.95
	$ (2.45)	$ 0.27	$ 0.07
Weighted-average common shares outstanding:			
Basic †	44,669	43,551	42,284
Diluted †	44,669	43,551	42,284

* Cost of services excludes depreciation and amortization which is shown separately.
** See *Note 6 -Investments in Affiliates and Related Transactions* for related party transactions reflected in this account
† See *Note 3 - Summary of Significant Accounting Policies* of the Notes to Consolidated Financial Statements.

Please note these references going forward in the Notes to Consolidated Financial Statements.

See accompanying notes to consolidated financial statements

SYNCHRONOSS TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (See Note 3)
(In thousands)

	Year Ended December 31,		
	2017	**2016** (Restated)	**2015** (Restated)
Net (loss) income	$ (118,729)	$ (3,309)	$ 2,485
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	17,027	(4,114)	(17,705)
Unrealized gain (loss) on securities	18	3	(20)
Net gain (loss) on intra-entity foreign currency transactions	1,932	(725)	(1,335)
Total other comprehensive income (loss), net of tax	18,977	(4,836)	(19,060)
Comprehensive loss	(99,752)	(8,145)	(16,575)
Comprehensive (loss) income attributable to redeemable noncontrolling interests	(9,291) —	(15,203)	(628)
Total comprehensive (loss) income attributable to Synchronoss	(90,461)	7,058	(15,947)

See accompanying notes to consolidated financial statements.

SYNCHRONOSS TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(See Note 3)
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at Balance at December 31, 2014, as previously reported	46,444	$ 4	(3,733)	$ (66,336)	$ 454,740	$ (20,014)	$ 160,713	$ 529,107
Cumulative restatement adjustments	176	—	(159)	(1,991)	2,408	1,560	(67,620)	(65,643)
Balance at January 1, 2015 (As Restated)	46,620	$ 4	(3,892)	$ (68,327)	$ 457,148	$ (18,454)	$ 93,093	$ 463,464
Stock based compensation	—	—	—	—	30,780	—	—	30,780
Issuance of restricted stock	734	—	—	—	—	—	—	—
Issuance of common stock on exercise of options	879	—	—	—	19,936	—	—	19,936
ESPP compensation	—	—	—	—	624	—	—	624
Sale of treasury stock in connection with an employee stock purchase plan	54	—	—	—	1,902	—	—	1,902
Other	—	—	—	—	4	—	(4)	—
Adjustments to redemption value of noncontrolling interest	—	—	—	—	(628)	—	—	(628)
Net income attributable to Synchronoss	—	—	—	—	—	—	3,113	3,113
Total other comprehensive income (loss)	—	—	—	—	—	(19,060)	—	(19,060)
Tax benefit from stock option exercise	—	—	—	—	5,198	—	—	5,198
Balance at December 31, 2015 (As Restated)	48,287	$ 4	(3,892)	$ (68,327)	$ 514,964	$ (37,514)	$ 96,202	$ 505,329
Cumulative effect of adjustment to retained earnings (ASU Adoption)	—	—	—	—	710	—	(476)	234
Stock based compensation	—	—	—	—	33,361	—	—	33,361
Issuance of restricted stock	585	—	—	—	—	—	—	—
Issuance of common stock on exercise of options	608	1	—	—	13,912	—	—	13,913
ESPP compensation	—	—	—	—	817	—	—	817
Issuance of common stock related to acquisition	840	—	—	—	22,000	—	—	22,000
Issuance of common stock to a subsidiary	20	—	—	—	—	—	—	—
Issuance of common stock to employee stock purchase plan	48	—	—	—	955	—	—	955
Repurchase of treasury shares	—	—	(1,262)	(40,025)	—	—	—	(40,025)
Sale of treasury stock in connection with an employee stock purchase plan	—	—	58	1,721	(493)	—	—	1,228
Other	—	—	—	—	130	—	—	130
Adjustments to redemption value of noncontrolling interest	—	—	—	—	(15,203)	—	—	(15,203)
Net income attributable to Synchronoss	—	—	—	—	—	—	11,894	11,894
Total other comprehensive income (loss)	—	—	—	—	—	(4,836)	—	(4,836)
Balance at December 31, 2016 (As Restated)	50,388	$ 5	(5,096)	$ (106,631)	$ 571,153	$ (42,350)	$ 107,620	$ 529,797

See accompanying notes to consolidated financial statements.

SYNCHRONOSS TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (continued)
(See Note 2)
(In thousands)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2016 (As Restated)	50,388	$ 5	(5,096)	$ (106,631)	$ 571,153	$ (42,350)	$ 107,620	$ 529,797
Cumulative effect of adjustment to retained earnings (ASU Adoption)	—	—	—	—	—	—	(3,196)	(3,196)
Stock based compensation	—	—	—	—	28,446	—	—	28,446
Issuance of restricted stock	1,565	—	—	—		—	—	—
Issuance of common stock on exercise of options	104	—	—	—	2,460	—	—	2,460
ESPP compensation	—	—	—	—	495	—	—	495
Sale of treasury stock in connection with an employee stock purchase plan	—	—	36	1,047		—	—	1,047
Shares withheld for taxes in connection with issuance of restricted stock	(29)	—	—	—	(442)	—	—	(442)
Fair value of awards assumed on acquisition	—	—	—	—	4,701	—	—	4,701
Other	—	—	—	—	31	—		31
Adjustments to redemption value of noncontrolling interest	—	—	—	—	(9,291)	—	—	(9,291)
Net loss attributable to Synchronoss	—	—	—	—	—	—	(109,438)	(109,438)
Total other comprehensive income (loss)	—	—	—	—		18,977	—	18,977
Balance at December 31, 2017	52,028	$ 5	(5,060)	$ (105,584)	$ 597,553	$ (23,373)	$ (5,014)	$ 463,587

See accompanying notes to consolidated financial statements.

SYNCHRONOSS TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (See Note 3)
(In thousands)

	Year Ended Year ended December 31,		
	2017	2016	2015
Operating activities:		(Restated)	(Restated)
Net loss from continuing operations	$ (194,224)	$ (93,869)	$ (37,782)
Net loss from discontinued operations	75,495	90,560	40,267
Gain (loss) on sale of discontinued operations, net of tax	(122,842)	(113,129)	—
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization expense	93,924	94,911	71,049
Impairment of long-lived assets and capitalized software	960	11,055	—
Change in fair value of financial instruments	4,367	—	—
Amortization of debt issuance costs	12,771	1,607	1,501
Extinguishment of debt	29,413	—	—
Accrued PIK interest	(12,090)	(34)	—
Allowance for loan losses	14,562	—	—
Earnings (loss) from equity method investments	9,125	—	—
Gain (loss) on disposals	(4,947)	(122)	16
Discontinued operations non-cash and working capital adjustments	48,647	371	—
Amortization of bond premium	244	1,416	1,705
Deferred income taxes	19,243	17,148	(453)
Non-cash interest on leased facility	1,203	1,392	924
Stock-based compensation	22,495	34,178	31,404
Contingent consideration obligation	(2,711)	1,194	(15)
Changes in operating assets and liabilities:			
Accounts receivable, net of allowance for doubtful accounts	29,283	(13,650)	(19,774)
Prepaid expenses and other current assets	(5,513)	31,648	(9,057)
Other assets	3,237	8,880	(3,751)
Accounts payable	(9,098)	(10,089)	(7,763)
Accrued expenses	(4,949)	(7,523)	(710)
Other liabilities	(3,337)	(6,558)	2,128
Deferred revenues	(23,506)	55,173	22,297
Net cash (used in) provided by operating activities	(18,248)	104,559	91,986
Investing activities:			
Purchases of fixed assets	(12,151)	(42,570)	(57,666)
Purchases of intangible assets and capitalized software	(9,119)	(7,677)	(2,553)
Proceeds from the sale of Speechcycle	13,500	—	—
Purchases of marketable securities available-for-sale	(219)	(13,445)	(139,569)
Maturities of marketable securities available-for-sale	12,371	82,904	106,210
Equity investment	608	—	—
Investing in discontinued operations	(13,721)	—	—
Investment In Note Receivable	(6,187)	—	—
Proceeds from the sale of discontinued operations	928,171	27,335	—
Businesses acquired, net of cash	(815,008)	(86,322)	(101,502)
Net cash provided by (used in) investing activities	98,245	(39,775)	(195,080)

	Year Ended Year ended December 31,		
	2017	2016	2015
Financing activities:		(Restated)	(Restated)
Proceeds from the exercise of stock options	2,584	13,633	19,936
Taxes paid on withholding shares	(442)	—	—
Payments on contingent consideration obligation	(122)	—	(4,468)
Debt issuance costs related to the Credit Facility and Revolving Facility	(3,692)	(1,346)	—
Debt issuance costs related to the 2017 Term Facility	(19,887)	—	—
Debt amendment costs related to the 2017 Credit Agreement	(16,776)	—	—
Proceeds from issuance of long term debt	900,000	—	—
Repayment of long term debt	(900,000)	—	—
Borrowings on revolving line of credit	—	144,000	—
Repayment of revolving line of credit	(29,000)	(115,000)	—
Excess tax benefits from stock option exercises	17	—	—
Repurchases of common stock	—	(40,025)	—
Proceeds from the sale of treasury stock in connection with an employee stock purchase plan	1,047	2,183	1,902
Proceeds from mandatorily redeemable financial instruments	33,592	—	—
Repayments of capital lease obligations	(2,985)	(3,815)	(2,021)
Net cash (used in) provided by financing activities	(35,664)	(370)	15,349
Effect of exchange rate changes on cash	(9,641)	(853)	(350)
Net increase in cash, restricted cash and cash equivalents	34,692	63,561	(88,095)
Cash, restricted cash and cash equivalents at beginning of period	211,433	147,872	235,967
Cash, restricted cash and cash equivalents at end of period	$ 246,125	$ 211,433	$ 147,872
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	$ 7,612	$ 4,661	$ 29,868
Cash paid for interest	$ 55,957	$ 6,981	$ 5,791
Supplemental disclosures of non-cash investing and financing activities:			
Issuance of common stock in connection with Openwave acquisition	$ —	$ 22,000	$ —
Issuance of common stock in connection with Intralinks acquisition	$ 4,700	$ —	$ —
Cash and cash equivalents per Consolidated Balance Sheets	$ 156,299	$ 169,801	$ 147,872
Restricted cash	$ 89,826	$ 41,632	$ —
Total cash, cash equivalents and restricted cash	$ 246,125	$ 211,433	$ 147,872

See accompanying notes to consolidated financial statements.

SYNCHRONOSS TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in tables in thousands, except for per share data or unless otherwise noted)

1. Description of Business

General

Synchronoss Technologies, Inc. ("Synchronoss" or the "Company") is a global software and services company that provides essential technologies for the mobile transformation of business. The Company's portfolio, which is targeted at the Consumer and Enterprise markets, contains offerings such as personal cloud, secure-mobility, identity management and scalable messaging platforms, products and solutions. These essential technologies create a better way of delivering the transformative mobile experiences that service providers and enterprises need to help them stay ahead of the curve in competition, innovation, productivity, growth and operational efficiency.

Synchronoss' products and platforms are designed to be carrier-grade, flexible and scalable, enabling multiple converged communication services to be managed across a range of distribution channels including e-commerce, m-commerce, telesales, customer stores, indirect and other retail outlets. This business model allows the Company to meet the rapidly changing converged services and connected devices offered by their customers. Synchronoss' products, platforms and solutions enable its enterprise and service provider customers to acquire, retain and service subscribers and employees quickly, reliably and cost-effectively with white label and custom-branded solutions. Synchronoss customers can simplify the processes associated with managing the customer experience for procuring, activating, connecting, backing-up, synchronizing and sharing/collaboration with connected devices and contents from these devices and associated services. The extensibility, scalability, reliability and relevance of the Company's platforms enable new revenue streams and retention opportunities for their customers through new subscriber acquisitions, sale of new devices, accessories and new value-added service offerings in the Cloud. By using the Company's technologies, Synchronoss customers can optimize their cost of operations while enhancing their customer experience.

The Company currently operates in and markets their solutions and services directly through their sales organizations in North America, Europe, the Middle East and Africa ("EMEA"), and the Asia-Pacific region. Synchronoss delivers essential technologies for mobile transformation to two primary types of customers: service provider and enterprise customers in regulated verticals and use cases.

Service Providers, Retailers, OEMs, Re-sellers and Service Integrators

The Company's products and platforms provide end-to-end seamless integration between customer-facing channels/applications, communication services, or devices and "back-office" infrastructure-related systems and processes. Synchronoss' customers rely on these solutions and technology to automate the process of activation and content and settings management for their subscribers' devices while delivering additional communication services. Synchronoss' portfolio includes: cloud-based sync, backup, storage and content engagement capabilities, broadband connectivity solutions, analytics, white label messaging, identity/access management that enable communications service providers ("CSPs"), cable operators/multi-services operators ("MSOs") and original equipment manufacturers ("OEMs") with embedded connectivity (e.g. smartphones, laptops, tablets and mobile internet devices ("MIDs") such as automobiles, wearables for personal health and wellness, and connected homes), multi-channel retailers, as well as other customers to accelerate and monetize value-add services for secure and broadband networks and connected devices.

2. Restatement of Previously Issued Consolidated Financial Statements

The Company has restated its audited consolidated financial statements for the years ended December 31, 2016 and 2015 for the matters described below. The effects of these restatement adjustments on (i) the Company's Consolidated Balance Sheet at December 31, 2016, (ii) the Company's Consolidated Statement of Operations for the years ended December 31, 2016 and 2015, (iii) the Company's Consolidated Statements of Comprehensive Income for the years ended December 31, 2016 and 2015, (iv) the Company's Consolidated Statements of Stockholders' Equity for the years ended December 31, 2016 and 2015 and (v) the Company's Consolidated Statement of Cash Flows for the years ended December 31, 2016 and 2015 are presented below.

The effects of the restatement adjustments on the Company's unaudited consolidated financial statements as of and for the quarters ended March 31, June 30 and September 31, 2016 and 2015 are included in Note 19, "Summary of Quarterly Results of Operations (Unaudited)."

The individual restatement matters that underlie the restatement adjustments are described below. The restatement adjustments also affect periods prior to 2015 and such adjustments have been reflected in the restated opening stockholders' equity balances as of January 1, 2015.

Revenue Recognition Adjustments Related to Hosting Services

The Company typically sells hosting services to its subscription services customers, as well as to certain software license customers. As part of the Company's review of its historical accounting, it has determined that adjustments are required related to certain transactions in each of these two categories of customers that purchase hosting services.

It was observed that in certain instances, the Company has historically entered into hosting arrangements that included various components to the fee structure with certain fees accelerated during the initial years of the arrangement. Historically, the Company recognized the accelerated fees as billed and maintenance and support fees were recognized on a straight-line basis through the term of the arrangement. However, the Company has determined to revise its accounting treatment for certain hosting services to reflect revenue recognition on a straight-line basis for such fees over the appropriate period of time during which (i) the benefits of hosting services were provided to the customer or (ii) the customer benefited from the set-up fees. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby there has been a deferral of a portion of the accelerated fees out of the initial period of the arrangement, and recognition of those deferred amounts in the later periods of the hosting services arrangement.

In the case of certain perpetual software license customers, the Company historically recognized the perpetual software license fee revenue on an upfront basis. The Company has determined to revise its accounting treatment of that software license fee revenue to recognize it ratably over a period of time due to the inclusion of hosting services, as part of the same multiple element arrangement. In certain of these cases, the Company had entered into a separate hosting services contract with the customer that the Company has now determined should have been combined with the software license agreement and treated as part of a larger multiple element arrangement.

In accordance with the software revenue recognition rules, since the Company cannot establish vendor specific objective evidence of fair value of the hosting services, the software license element cannot be separated from the hosting services. The revised accounting treatment for the revenue recognition is reflected in the restated consolidated financial statements, whereby the bundled arrangement fees have been recognized ratably over the economic life of the hosting services.

Revenue Recognition Adjustments Related to Establishing Persuasive Evidence of an Arrangement and Other Revenue Adjustments

The Company historically has had, and continues to have, contractual arrangements with certain customers whereby there is an established master services agreement that includes general terms and conditions. Such master services agreements contemplate the delivery by the customer of purchasing documentation for purposes of completing orders, indicating the nature, price and quantity of products and services ordered. In certain cases, the Company historically formed a view that persuasive evidence of an arrangement existed relating to such orders based upon its receipt from a customer of written confirmation of the order and commitment to pay the agreed price, such as a quote approval sent by the customer in response to a quote issued by the Company, but prior to that customer's subsequent delivery to the Company an executed statement of work or, in some instances, a purchase order, pursuant to a master services agreement.

The Company has determined, in certain situations, to revise the timing of revenue recognition to when it received final formal contract documentation, which occurred in a future period. In those cases where the adjustment to defer revenue has been recorded prior to when cash payment was received from the customer, the balance sheet impact has been to reduce the related accounts receivable balance, whereas the balance sheet impact of these adjustments after the receipt of cash payment from the customer has been to increase accrued liabilities.

The Company also adjusted revenue recognition in connection with certain other transactions, including (i) where the payment obligation on the date of sale was found not to have been fixed and determinable; (ii) where collectibility was not reasonably assured; (iii) where the software delivered to the customer was ultimately deemed not to have met acceptance criteria; or (iv) where formal acceptance was not obtained.

SYNCHRONOSS TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts in tables in thousands, except for per share data or unless otherwise noted)

In certain situations, these adjustments represent issues related to the timing of revenue recognition, while in other cases, these adjustments represent amounts that had subsequently been written-off to bad debt expense (whereby now both the revenue and the related bad debt expense has been reversed).

Adjustments Related to Accounting for Acquisitions and Divestiture

The Company has identified and corrected errors related to fees received under license agreements entered into with parties of certain historical acquisitions and a divestiture. In each case, the Company had originally treated the license agreement as a separate transaction and recorded the license fees on a gross basis as revenue. The Company has determined to revise its accounting treatment of the license arrangements, to record the license fees as part of the accounting for the acquisition or divestiture, as follows:

- In certain cases, the Company entered into a license agreement as part of settling prior intellectual property infringement claims against an acquired entity and/or its selling parent company and affiliates. Historically, the Company had recognized these license fees separately as revenue. However, the Company has determined to net these license fees against the consideration paid as part of the acquisitions, resulting in a reduction of the goodwill and/or intangible assets recorded in purchase accounting.
- The Company's consolidated joint venture Zentry LLC ("Zentry") and the Company's partner in that joint venture entered into a license agreement in December 2015 at the same time as the formation of the joint venture. Historically, the Company recorded the license fees as revenue separately from the Zentry formation. The Company has determined to net these license fees against the cash contributions paid as part of the joint venture formation, resulting in a reduction of the goodwill and intangible assets recorded in purchase accounting.
- The Company entered into a licensing agreement in December 2016 with Sequential Technology International, LLC ("STIN") shortly after closing the divestiture of its activation business to Sequential Technology International Holdings, LLC ("STIH"). Historically, the Company recorded the license fees as revenue separately from the accounting for the divestiture. The Company has determined to classify these license fees as additional gain on sale of the activation exception handling business.
- The Company made adjustments to reduce the contingent consideration payable to shareholders of Razorsight Corporation ("Razorsight"), which was acquired by the Company in August 2015, and the related losses previously recorded to adjust that liability to fair value, as a result of the determination that many of the sales of Razorsight software that had originally been included in the earn-out calculation have now been adjusted as part of the restatement.
- The Company made adjustments to record the fair value of the Company's guarantee of certain of STIN's debt as part of the divestiture of its activation exception handling business to STIH in December 2016, to record the sellers note extended in the transaction at fair value, and to adjust certain receivables and other assets sold in the transaction.
- The Company made certain adjustments to the opening balances of Openwave Messaging, Inc. ("Openwave") and SNCR, LLC ("SNCR, LLC"); impacting deferred revenue, goodwill and intangibles. Adjustments in deferred revenue and intangibles resulted were reported post-acquisition as revenues and costs were realized.

Other Adjustments and Capitalized Software

The Company also identified and corrected certain errors in the amounts reported as capitalized software development. These adjustments were primarily around (i) the recognition of impairment or immediate expensing of certain previously capitalized software development costs and (ii) revisions of amounts capitalized and the timing of when such capitalized costs are amortized. Adjustments pertaining to capitalized software development were driven primarily due to misalignment on the unit of account being measured in tracking project progress and ultimately general release as well as the appropriateness of the capitalization of certain administrative costs.

The Company also identified and corrected certain other errors, primarily due to timing of recognition of (i) stock-based compensation arrangements, (ii) accruals and reserves, (iii) noncontrolling interests and (iv) impairment charges. Impairment charges were primarily due to long-lived asset impairments realized on SNCR, LLC assets, due to continued delays in product development and sales. Additionally, the Company identified certain prior year balance sheet classification adjustments requiring, the most significant of which, a reclassification between cash and restricted cash due to certain contractual restrictions on cash balances, and reclassifications between treasury stock and additional paid-in-capital due to share issuances from the Company's common stock pool, rather than its treasury stock.

Income Taxes

The Company recorded adjustments to income taxes to reflect the impact of the restatement adjustments, as well as a discrete tax adjustment to record a valuation allowance at a specific foreign jurisdiction in an earlier year than originally recorded. See *Note 17 - Income Taxes* for discussion of the related impact to the Company's effective tax rate.

The following table presents the Consolidated Balance Sheet as previously reported, restatement adjustments and the Consolidated Balance Sheet as restated at December 31, 2016:

		Adjustments					
	As Previously Reported	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Restated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 181,018	$ —	$ —	$ —	$ (11,217)	$ —	$ 169,801
Restricted cash	—	—	—	—	41,632	—	41,632
Marketable securities	12,506	—	—	—	—	—	12,506
Accounts receivable, net	137,233	(344)	(36,509)	7,896	(802)	—	107,474
Prepaid expenses and other current assets	33,696	—	—	1,408	(1,166)	4,339	38,277
Total current assets	364,453	(344)	(36,509)	9,304	28,447	4,339	369,690
Restricted cash	30,000	—	—	—	(30,000)	—	—
Marketable securities	2,974	—	—	—	—	—	2,974
Property and equipment, net	155,599	—	—	(823)	3,429	—	158,205
Goodwill	269,905	—	—	(41,358)	—	(3,896)	224,651
Intangible assets, net	203,864	—	—	(19,830)	(21,066)	—	162,968
Deferred tax assets	1,503	—	—	—	—	11,783	13,286
Other assets	7,541	—	—	(70)	1,187	—	8,658
Note receivable from related party	83,000	—	—	(12,731)	—	—	70,269
Equity method investment	45,890	—	—	(2,240)	—	—	43,650
Total Assets	$ 1,164,729	$ (344)	$ (36,509)	$ (67,748)	$ (18,003)	$ 12,226	$ 1,054,351

		Adjustments					
	As Previously Reported	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Restated
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	$ 15,770	$ —	$ —	$ —	$ 1,287	$ —	$ 17,057
Accrued expenses	69,435	—	5,274	971	246	956	76,882
Deferred revenues	27,542	33,398	(151)	(3,360)	1	—	57,430
Contingent consideration obligation	11,860	—	—	(9,027)	—	—	2,833
Short-term debt	29,000	—	—	—	—	—	29,000
Total current liabilities	153,607	33,398	5,123	(11,416)	1,534	956	183,202
Lease financing obligation - long term	12,121	—	—	41	288	—	12,450
Long-term debt	226,291	—	—	—	—	—	226,291
Deferred tax liability	49,822	—	—	—	—	(46,314)	3,508
Deferred revenues	12,134	52,965	531	—	—	—	65,630
Other liabilities	3,783	—	—	—	1,679	2,731	8,193
Redeemable noncontrolling interests	49,856	—	—	(28,813)	4,237	—	25,280
Commitments and contingencies							
Stockholder's equity							
Common stock	5	—	—	—	—	—	5
Treasury stock	(95,183)	—	—	—	(11,448)	—	(106,631)
Additional paid-in capital	575,093	—	—	(7,667)	3,727	—	571,153
Accumulated other comprehensive loss	(43,253)	—	658	—	138	107	(42,350)
Retained earnings	220,453	(86,707)	(42,821)	(19,893)	(18,158)	54,746	107,620
Total stockholders' equity	657,115	(86,707)	(42,163)	(27,560)	(25,741)	54,853	529,797
Total liabilities & stockholders' equity	$ 1,164,729	$ (344)	$ (36,509)	$ (67,748)	$ (18,003)	$ 12,226	$ 1,054,351

The following table presents the Consolidated Statement of Operations as previously reported, restatement adjustments and the Consolidated Statement of Operations as restated for the year ended December 31, 2016:

	As Previously Reported	Adjustments: Revenue - Hosting	Adjustments: Revenue - Evidence of Arrangement and Other Revenue	Adjustments: Acquisitions & Divestiture	Adjustments: Capitalized Software and Other	Adjustments: Income Taxes	As Restated
Net revenues	$ 476,750	$ (39,492)	$ 9,435	$ (20,399)	$ —	$ —	$ 426,294
Costs and expenses:							
Cost of services	194,198	—	—	(43)	529	—	194,684
Research and development	106,681	—	—	—	7,812	—	114,493
Selling, general and administrative	131,106	155	(4,470)	461	(1,024)	—	126,228
Net change in contingent consideration obligation	10,930	—	—	(9,736)	—	—	1,194
Restructuring charges	6,333	—	—	—	—	—	6,333
Depreciation and amortization	99,311	—	—	(4,452)	11,107	—	105,966
Total costs and expenses	548,559	155	(4,470)	(13,770)	18,424	—	548,898
Loss from continuing operations	(71,809)	(39,647)	13,905	(6,629)	(18,424)	—	(122,604)
Interest income	2,428	—	—	(340)	(181)	—	1,907
Interest expense	(7,013)	—	—	374	200	(975)	(7,414)
Other expense, net	1,863	—	253	(830)	(264)	—	1,022
Loss from continuing operations, before taxes	(74,531)	(39,647)	14,158	(7,425)	(18,669)	(975)	(127,089)
Benefit for income taxes	7,990	—	—	—	—	25,230	33,220
Net loss from continuing operations	(66,541)	(39,647)	14,158	(7,425)	(18,669)	24,255	(93,869)
Net income from discontinued operations, net of tax	74,533	—	(397)	17,844	—	(1,420)	90,560
Net loss	7,992	(39,647)	13,761	10,419	(18,669)	22,835	(3,309)
Net loss attributable to redeemable noncontrolling interests	(11,596)	—	—	—	(3,607)	—	(15,203)
Net loss attributable to Synchronoss	$ 19,588	$ (39,647)	$ 13,761	$ 10,419	$ (15,062)	$ 22,835	$ 11,894
Basic:							
Continuing operations	$ (1.26)						$ (1.81)
Discontinued operations	1.71						2.08
	$ 0.45						$ 0.27
Diluted:							
Continuing operations	$ (1.26)						$ (1.81)
Discontinued operations	1.71						2.08
	$ 0.45						$ 0.27
Weighted-average common shares outstanding:							
Basic	43,571						43,551
Diluted	43,571						43,551

* Cost of services excludes depreciation and amortization which is shown separately.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations as previously reported, restatement adjustments and the Consolidated Statement of Operations as restated for the year ended December 31, 2015:

		Adjustments					
	As Previously Reported	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Restated
Net revenues	$ 428,117	$ (26,908)	$ 1,442	$ (30,090)	$ —	$ —	$ 372,561
Costs and expenses:							
Cost of services	155,287	—	—	(17)	(460)	—	154,810
Research and development	91,430	—	—	—	1,333	—	92,763
Selling, general and administrative	88,411	—	(3,042)	—	(778)	—	84,591
Net change in contingent consideration obligation	760	—	—	755	—	—	1,515
Restructuring charges	4,946	—	—	—	—	—	4,946
Depreciation and amortization	72,152	—	—	(136)	(967)	—	71,049
Total costs and expenses	412,986	—	(3,042)	602	(872)	—	409,674
Loss from continuing operations	15,131	(26,908)	4,484	(30,692)	872	—	(37,113)
Interest income	2,047	—	—	—	—	—	2,047
Interest expense	(5,711)	—	—	—	—	—	(5,711)
Other expense, net	372	—	(52)	(16)	303	—	607
Loss from continuing operations, before taxes	11,839	(26,908)	4,432	(30,708)	1,175	—	(40,170)
Benefit for income taxes	(5,424)	—	(534)	—	—	8,346	2,388
Net loss from continuing operations	6,415	(26,908)	3,898	(30,708)	1,175	8,346	(37,782)
Net income from discontinued operations, net of tax	40,267	—	—	—	—	—	40,267
Net loss	46,682	(26,908)	3,898	(30,708)	1,175	8,346	2,485
Net loss attributable to redeemable noncontrolling interests	6,052	—	—	—	(6,680)	—	(628)
Net loss attributable to Synchronoss	$ 40,630	$ (26,908)	$ 3,898	$ (30,708)	$ 7,855	$ 8,346	$ 3,113
Basic:							
Continuing operations	$ 0.01						$ (0.88)
Discontinued operations	0.95						0.95
	$ 0.96						$ 0.07
Diluted:							
Continuing operations	$ 0.01						$ (0.88)
Discontinued operations	0.95						0.95
	$ 0.96						$ 0.07
Weighted-average common shares outstanding:							
Basic	42,284						42,284
Diluted	42,284						42,284

* Cost of services excludes depreciation and amortization which is shown separately.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Comprehensive Income as previously reported, restatement adjustments and the Consolidated Statement of Comprehensive Income as restated for the year ended December 31, 2016:

		Adjustments					
	As Previously Reported	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Restated
Net (loss) income	$ 7,992	$ (39,647)	$ 13,761	$ 10,419	$ (18,669)	$ 22,835	$ (3,309)
Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustments	(4,042)	—	12	—	23	(107)	(4,114)
Unrealized gain (loss) on securities	198	—	(141)	—	(161)	107	3
Net loss on intra-entity foreign currency transactions	(725)	—	—	—	—	—	(725)
Total other comprehensive loss	(4,569)	—	(129)	—	(138)	—	(4,836)
Comprehensive (loss) income	$ 3,423	$ (39,647)	$ 13,632	$ 10,419	$ (18,807)	$ 22,835	$ (8,145)
Comprehensive (loss) attributable to redeemable noncontrolling interests	$ (11,596)	$ —	$ —	$ —	$ (3,607)	$ —	$ (15,203)
Total comprehensive (loss) income attributable to Synchronoss	$ 15,019	$ (39,647)	$ 13,632	$ 10,419	$ (15,200)	$ 22,835	$ 7,058

The following table presents the Consolidated Statement of Comprehensive Income as previously reported, restatement adjustments and the Consolidated Statement of Comprehensive Income as restated for the year ended December 31, 2015:

		Adjustments					
	As Previously Reported	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Restated
Net (loss) income	$ 46,682	$ (26,908)	$ 3,898	$ (30,708)	$ 1,175	$ 8,346	$ 2,485
Other comprehensive income (loss), net of tax:							
Foreign currency translation adjustments	(17,281)	—	547	—	(58)	(913)	(17,705)
Unrealized gain (loss) on securities	(54)	—	—	—	53	(19)	(20)
Net loss on intra-entity foreign currency transactions	(1,335)	—	—	—	—	—	(1,335)
Total other comprehensive loss	(18,670)	—	547	—	(5)	(932)	(19,060)
Comprehensive (loss) income	$ 28,012	$ (26,908)	$ 4,445	$ (30,708)	$ 1,170	$ 7,414	$ (16,575)
Comprehensive (loss) attributable to redeemable noncontrolling interests	$ 6,052	$ —	$ —	$ —	$ (6,680)	$ —	$ (628)
Total comprehensive (loss) income attributable to Synchronoss	$ 21,960	$ (26,908)	$ 4,445	$ (30,708)	$ 7,850	$ 7,414	$ (15,947)

The following table presents the Consolidated Statement of Stockholders equity as previously reported, restatement adjustments and the Consolidated Statement of Stockholders' Equity as restated for the year ended December 31, 2014:

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2014 (As Previously Reported)	46,444	$ 4	(3,733)	$ (66,336)	$ 454,740	$ (20,014)	$160,713	529,107
Adjustments from:								
Revenue - Hosting, before income tax effect	—	—	—	—	—	—	(20,152)	(20,152)
Revenue - Evidence of Arrangement and Other Revenue, before income tax effect	—	—	—	—	—	240	(60,478)	(60,238)
Acquisitions & Divestiture, before income tax effect	—	—	—	—	—	—	(5,960)	(5,960)
Capitalized Software and Other, before income tax effect	176	—	(159)	(1,991)	2,408	281	(4,599)	(3,901)
Income tax adjustments	—	—	—	—	—	1,039	23,569	24,608
Total adjustments	176	—	(159)	(1,991)	2,408	1,560	(67,620)	(65,643)
Balance at December 31, 2014 (As Restated)	46,620	$ 4	(3,892)	$ (68,327)	$ 457,148	$ (18,454)	$ 93,093	$ 463,464

The following table presents the Consolidated Statement of Cash Flows as previously reported, restatement adjustments, the effect of early adopting Accounting Standard Update ("ASU") 2016-18 Statement of Cash Flows (Topic 230) and the Consolidated Statement of Cash Flows as restated for the year ended December 31, 2016:

	As Previously Reported	Adjustments	Effect of Early Adoption of ASU 2016-18	As Restated
Operating activities:				
Net loss continuing operations	$ (66,541)	$ (27,328)	$ —	$ (93,869)
Net loss from discontinued operations	74,533	16,027	—	90,560
Gain (loss) on sale of discontinued operations, net of tax	(95,311)	(17,818)	—	(113,129)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization expense	99,311	(4,400)	—	94,911
Impairment of long-lived assets and capitalized software	—	11,055	—	11,055
Amortization of debt issuance costs	1,607	—	—	1,607
Accrued PIK interest	—	(34)	—	(34)
Gain (loss) on disposals	(952)	830	—	(122)
Discontinued operations non-cash and working capital adjustments	—	371	—	371
Amortization of bond premium	1,416	—	—	1,416
Deferred income taxes	32,826	(15,678)	—	17,148
Non-cash interest on leased facility	1,111	281	—	1,392
Stock-based compensation	33,979	199	—	34,178
Contingent consideration obligation	10,930	(9,736)	—	1,194
Changes in operating assets and liabilities:	—	—		
Accounts receivable, net of allowance for doubtful accounts	(1,662)	(11,988)	—	(13,650)
Prepaid expenses and other current assets	12,644	19,004	—	31,648
Other assets	10,054	(1,174)	—	8,880
Accounts payable	(11,139)	1,050	—	(10,089)
Accrued expenses	22,024	(29,547)	—	(7,523)
Other liabilities	(6,558)	—	—	(6,558)
Deferred revenues	24,317	30,856	—	55,173
Net cash provided by operating activities	142,589	(38,030)	—	104,559
Investing activities:				
Purchases of fixed assets	(58,542)	15,972	—	(42,570)
Purchases of intangible assets and capitalized software	—	(7,677)	—	(7,677)
Purchases of marketable securities available-for-sale	(13,445)	—	—	(13,445)
Maturities of marketable securities available-for-sale	82,904	—	—	82,904
Change in restricted cash	(30,000)	—	30,000	—
Proceeds from the sale of discontinued operations	18,135	9,200	—	27,335
Businesses acquired, net of cash	(98,428)	12,106	—	(86,322)
Net cash provided by (used in) investing activities	(99,376)	29,601	30,000	(39,775)

Financing activities:				
Proceeds from the exercise of stock options	13,912	(279)	—	13,633
Taxes paid on withholding shares	(8,885)	8,885	—	—
Debt issuance costs related to the Credit Facility	(1,346)	—	—	(1,346)
Borrowings on revolving line of credit	144,000	—	—	144,000
Repayment of revolving line of credit	(115,000)	—	—	(115,000)
Repurchases of common stock	(40,025)	—	—	(40,025)
Proceeds from the sale of treasury stock in connection with an employee stock purchase plan	2,183	—	—	2,183
Repayments of capital lease obligations	(3,815)	—	—	(3,815)
Net cash (used in) provided by financing activities	(8,976)	8,606	—	(370)
Effect of exchange rate changes on cash	(853)	—	—	(853)
Net increase in cash and cash equivalents	33,384	177	30,000	63,561
Cash and cash equivalents at beginning of period	147,634	238	—	147,872
Cash and cash equivalents at end of period	181,018	415	30,000	211,433
Cash and cash equivalents	181,018	(11,217)	—	169,801
Restricted cash	—	11,632	30,000	41,632
Total cash and cash equivalents at end of period	181,018	415	30,000	211,433
Supplemental disclosures of cash flow information:				
Cash paid for income taxes	4,661			4,661
Cash paid for interest	6,981			6,981
Supplemental disclosures of non-cash investing and financing activities:				
Issuance of common stock in connection with Openwave acquisition	$ 22,000			$ 22,000

See accompanying notes to consolidated financial statements.

The following table presents the Consolidated Statement of Cash Flows as previously reported, restatement adjustments and the Consolidated Statement of Cash Flows as restated for the year ended December 31, 2015:

	As Previously Reported	Adjustments	As Restated
Operating activities:			
Net loss continuing operations	$ 6,415	$ (44,197)	$ (37,782)
Net loss from discontinued operations	40,267	—	40,267
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization expense	72,152	(1,103)	71,049
Amortization of debt issuance costs	1,501	—	1,501
Gain (loss) on disposals	16	—	16
Amortization of bond premium	1,705	—	1,705
Deferred income taxes	8,319	(8,772)	(453)
Non-cash interest on leased facility	924	—	924
Stock-based compensation	31,711	(307)	31,404
Contingent consideration obligation	(772)	757	(15)
Changes in operating assets and liabilities:			
Accounts receivable, net of allowance for doubtful accounts	(27,577)	7,803	(19,774)
Prepaid expenses and other current assets	(8,543)	(514)	(9,057)
Other assets	(4,282)	531	(3,751)
Accounts payable	6,185	(13,948)	(7,763)
Accrued expenses	16,333	(17,043)	(710)
Other liabilities	(402)	2,530	2,128
Deferred revenues	(4,130)	26,427	22,297
Net cash provided by operating activities	139,822	(47,836)	91,986
Investing activities:			
Purchases of fixed assets	(59,960)	2,294	(57,666)
Purchases of intangible assets and capitalized software	(1,200)	(1,353)	(2,553)
Purchases of marketable securities available-for-sale	(139,569)	—	(139,569)
Maturities of marketable securities available-for-sale	106,210	—	106,210
Change in restricted cash	—	—	—
Businesses acquired, net of cash	(131,592)	30,090	(101,502)
Net cash provided by (used in) investing activities	(226,111)	31,031	(195,080)
Financing activities:			
Proceeds from the exercise of stock options	19,936	—	19,936
Taxes paid on withholding shares	(17,043)	17,043	—
Payments on contingent consideration obligation	(4,468)	—	(4,468)
Proceeds from the sale of treasury stock in connection with an employee stock purchase plan	1,902	—	1,902
Repayments of capital lease obligations	(2,021)	—	(2,021)
Net cash (used in) provided by financing activities	(1,694)	17,043	15,349
Effect of exchange rate changes on cash	(350)	—	(350)
Net increase in cash and cash equivalents	(88,333)	238	(88,095)
Cash and cash equivalents at beginning of period	235,967	—	235,967
Cash and cash equivalents at end of period	$ 147,634	$ 238	$ 147,872
Supplemental disclosures of cash flow information:			
Cash paid for income taxes	$ 29,868		$ 29,868
Cash paid for interest	$ 5,791		$ 5,791

* Note there was no effect of early adopting ASU Topic 230

See accompanying notes to consolidated financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and variable interest entities ("VIE") in which the Company is the primary beneficiary and entities in which the Company has a controlling interest. Investments in less than majority-owned companies in which the Company does not have a controlling interest, but does have significant influence, are accounted for as equity method investments. Investments in less than majority-owned companies in which the Company does not have the ability to exert significant influence over the operating and financial policies of the investee are accounted for using the cost method. All material intercompany transactions and accounts are eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year's presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition and Deferred Revenue

The Company generates revenue from the delivery of a range of products, solutions and services principally on a transactional or subscription basis ("SaaS") or in the form of Professional Services or Software Licenses. Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, fees are fixed or determinable and collection is considered probable.

Transactional and Subscription Service Arrangements: Transaction and subscription revenues consist of revenues derived from the processing of transactions through our service platforms, providing enterprise portal management services on a subscription basis and maintenance agreements on software licenses. Transaction service arrangements include services such as processing equipment orders, new account set-up and activation, number port requests, credit checks and inventory management. Subscription services include monthly active user fees, SaaS fees, hosting and storage and the related maintenance support for those services.

Transaction revenues are principally based on a contractual price per transaction and are recognized based on the number of transactions processed during each reporting period. Revenues are recorded based on the total number of transactions processed at the applicable price established in the relevant contract. The total amount of revenue recognized is based primarily on the volume of transactions. Subscription revenues are recorded one of two ways: on a straight-line basis over the life of the contract or on a fixed monthly fee based on a set contracted amount.

Many of our contracts guarantee minimum volume transactions from the customer. In these instances, if the customer's total transaction volume for the period is less than the contractual amount, we record revenues at the minimum guaranteed amount.Set-up fees for transactional service arrangements are deferred and recognized on a straight-line basis over the life of the contract since these amounts would not have been paid by the customer without the related transactional service arrangement. Revenues are presented net of discounts, which are volume level driven, or credits, which are performance driven, and are determined in the period in which the volume thresholds are met, or the services are provided.

Professional Service and Software License Arrangements: Professional services include process and workflow consulting services and development services. Professional services when sold with transactional or subscription service arrangements are accounted for separately when the professional services have value to the customer on a standalone basis and there is objective and reliable evidence of fair value of the professional services. When accounted for separately, professional service revenues are recognized as services are performed and all other elements of revenue recognition have been satisfied.

In determining whether professional service revenues can be accounted for separately from transaction or subscription service revenues, we consider the following factors for each professional services agreement: availability of the professional services from other vendors, whether objective and reliable evidence of fair value exists of the undelivered elements, the nature of the professional services, the timing of when the professional services contract was signed in comparison to the transaction or subscription service start date and the contractual independence of the transactional or subscription service from the professional services.

If a professional service arrangement were not to qualify for separate accounting, we would recognize the professional service revenues ratably over the remaining term of the transaction or subscription agreement.

Multiple Element Arrangements: Revenue from software license arrangements is recognized when the license is delivered to our customers and all of the software revenue recognition criteria are met. When software arrangements include multiple elements, the arrangement consideration is allocated at the inception to all deliverables using the residual method providing we have vendor specific objective evidence ("VSOE") on all undelivered elements. We determine VSOE for each element based on historical stand-alone sales to third-parties.

When transaction or subscription service arrangements, include multiple elements, the arrangement consideration is allocated at the inception of an arrangement to all deliverables using the relative selling price method. The relative selling price method allocates any discount in the arrangement proportionally to each deliverable on the basis of each deliverable's selling price. The selling price used for each deliverable will be based on VSOE if available, third-party evidence ("TPE") if vendor- specific objective evidence is not available, or estimated selling price ("ESP") if neither vendor-specific objective evidence nor third-party evidence is available. The objective of ESP is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. We determine ESP by considering multiple factors including, but not limited to, geographies, market conditions, competitive landscape, internal costs, gross margin objectives, and pricing practices. ESP is generally used for offerings that are not typically sold on a stand-alone basis or for new or highly customized offerings.

While we follow specific and detailed rules and guidelines related to revenue recognition, we make and use management judgments and estimates in connection with the revenue recognized in any reporting period, particularly in the areas described above, as well as collectability. If management made different estimates or judgments, differences in the timing of the recognition of revenue could occur.

Deferred Revenue

Deferred revenues represent billings to customers for services in advance of the performance of services, with revenues recognized as the services are rendered, and also include the fair value of deferred revenues recorded as a result of acquisitions.

Service Level Standards

Pursuant to certain contracts, the Company is subject to service level standards and to corresponding penalties for failure to meet those standards. All performance-related penalties are reflected as a corresponding reduction of the Company's revenues. These penalties, if applicable, are recorded in the month incurred and were insignificant for the years ended December 31, 2017, 2016 and 2015, respectively.

Cost of Revenues

Cost of services includes all direct materials, direct labor and those indirect costs related to revenues such as indirect labor, materials and supplies and facilities cost, exclusive of depreciation expense.

Research and Development

Software development costs are accounted for in accordance with either ASC 985-20, *"Software - Costs of Software to be Sold, Leased or Marketed,"* or ASC 350-40, *"Internal-Use Software."* Costs associated with the planning and designing phase of software development are classified as research and development costs and are expensed as incurred. The amounts capitalized include external direct costs of services used in developing internal-use software, employee compensation and related expenses of personnel directly associated with the development activities and interest. Once technological feasibility has been determined, a portion of the costs incurred in development, including coding, testing and quality assurance, are capitalized until available for general release to clients.

Amortization is calculated on a solution-by-solution basis and is recognized over the estimated economic life of the software, typically ranging two to three years. Amortization begins when the software is substantially completed for its intended use. Costs incurred during the preliminary and post-implementation stages are expensed as incurred. The amounts capitalized include external direct costs of services used in developing internal-use software, employee compensation and related expenses of personnel directly associated with the development activities and interest. Software development costs are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Unrecoverable costs are reviewed annually and recognized in the period they become unrecoverable, as needed, and are recorded in the Consolidated Statements of Operations as depreciation and amortization expense.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The unamortized software development costs and amortization expense were as follows:

	Year ended December 31,		
	2017	2016	2015
		(Restated)	(Restated)
Unamortized software development costs	$ 11,695	$ 5,754	$ 4,390
Software development amortization expense	3,178	3,507	55

The Company recognized impairment charges to its capitalized software intangible assets, of $1.0 million, $11.1 million, and $0.0 million for the years ended December 31, 2017, 2016 and 2015, respectively. The Company includes these impairments within the depreciation and amortization in its Consolidated Statements of Operations.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents, marketable securities and accounts receivable. The Company maintains its cash and cash equivalents at several major financial institutions. The Company has not experienced any realized losses in such accounts and believes it is not exposed to any significant credit risk related to cash, cash equivalents and securities. The Company's cash equivalents and short-term marketable securities consist primarily of money market funds, certificates of deposit, commercial paper, and municipal and corporate bonds. The Company believes that concentration of credit risk with respect to accounts receivable is limited because of the creditworthiness of its major customers.

Our top five customers accounted for 73%,74% and 82% of net revenues for the years ended December 31, 2017, 2016 and 2015, respectively. Contracts with these customers typically run for three to five years. Of these customers, Verizon accounted for more than 10% of our revenues in 2017. The loss of Verizon as a customer would have a material negative impact on our company. However, we believe that Verizon would encounter substantial costs in replacing Synchronoss' solution.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of acquisition to be cash equivalents.

Restricted Cash

Restricted cash includes amounts to various deposits, escrows and other cash collateral that are restricted by contractual obligation.

Accounts Receivable

Accounts receivable include current notes, amounts billed to customers, claims, and unbilled revenue, which consists of amounts recognized as sales but not billed. Substantially all amounts of unbilled receivables are expected to be billed and collected in the subsequent year. The Company had unbilled receivable balances of $7.4 million and $23.3 million as of December 31, 2017 and December 31, 2016, respectively.

Fair Value of Financial Instruments and Liabilities

The Company includes disclosures of fair value information about financial instruments and liabilities, whether or not recognized on the Consolidated Balance Sheets, for which it is practicable to estimate that value. Due to their short-term nature, the carrying amounts reported in the financial statements approximate the fair value for cash and cash equivalents, marketable securities, accounts receivable and accounts payable.

Derivatives

The Company evaluates convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under Accounting Standards Codification (“ASC”) Topic 815, "Derivatives and Hedging." The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the Consolidated Statements of Operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date.

Marketable Securities

Marketable securities consist of fixed income investments with a maturity of greater than three months and enhanced money market funds. These investments are classified as available-for-sale and are reported at fair value on the Company’s Consolidated Balance Sheets. The Company classifies its securities with maturity dates of 12 months or more as long term. Unrealized holding gains and losses are reported within accumulated other comprehensive income as a separate component of stockholders’ equity. If a decline in the fair value of a marketable security below the Company’s cost basis is determined to be other than temporary, such marketable security is written down to its estimated fair value as a new cost basis and the amount of the write-down is included in earnings as an impairment charge. The Company has recorded temporary changes in fair value of the marketable securities but has not recorded other-than-temporary charges for the periods presented herein.

Allowance for Doubtful Accounts

The Company maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. The Company estimates uncollectible amounts based upon historical bad debts, current customer receivable balances, the age of customer receivable balances, the customer’s financial condition and current economic trends.

Property and Equipment

Property and equipment and leasehold improvements are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years, or the lesser of the related initial term of the lease or useful life for leasehold improvements. Amortization of property and equipment recorded under a capital lease is included with depreciation expense. Expenditures for routine maintenance and repairs are charged against operations. Major replacements, improvements and additions are capitalized.

Noncontrolling Interests and Mandatorily Redeemable Financial Instruments

Noncontrolling interests (“NCI”) are evaluated by the Company and are shown as either a liability, temporary equity (shown between liabilities and equity) or as permanent equity depending on the nature of the redeemable features at amounts based on formulas specific to each entity. Generally, mandatorily redeemable NCI’s are classified as liabilities and non-mandatorily redeemable NCI’s are classified outside of stockholders’ equity in the Consolidated Balance Sheets as temporary equity under the caption, redeemable noncontrolling interests, and are measured at their redemption values at the end of each period. If the redemption value is greater than the carrying value, an adjustment is recorded in retained earnings to record the NCI at its redemption value. Redeemable NCI’s that are mandatorily redeemable are classified as a liability in the Consolidated Balance Sheets under either other current liabilities or other long-term liabilities, depending on the remaining duration until settlement, and are measured at the amount of cash that would be paid if settlement occurred at the balance sheet date with any change from the prior period recognized as interest expense.

If the noncontrolling interest is not currently redeemable yet probable of becoming redeemable, the Company is required to either (1) accrete changes in the redemption value over the period from the date of issuance to the earliest redemption date of the instrument using an appropriate methodology, usually the interest method, or (2) recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period. The Company has elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the noncontrolling interest to the greater of the estimated redemption value, which approximates fair value, at the end of each reporting period or the initial carrying amount.

Net income attributable to NCI's reflects the portion of the net income (loss) of consolidated entities applicable to the NCI stockholders in the accompanying Consolidated Statements of Operations. The net income attributable to NCI is classified in the Consolidated Statements of Operations as part of consolidated net income and deducted from total consolidated net income to arrive at the net income attributable to the Company.

As of December 31, 2017, the Company had a put option derivative financial instrument described as "Mandatorily redeemable financial instrument on its Consolidated Balance Sheets of $38.0 million.

Business Combinations

The Company accounts for business combinations in accordance with the acquisition method. The acquisition method of accounting requires that assets acquired, liabilities assumed and any noncontrolling interest in the aquiree (if any), be recorded at their fair values on the date of a business acquisition. The Company's consolidated financial statements and results of operations reflect an acquired business from the completion date of the transaction.

The judgments that the Company makes in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income in periods following a business combination. The Company generally uses either the income, cost or market approach to aid in its conclusions of such fair values and asset lives. The income approach presumes that the value of an asset can be estimated by the net economic benefit to be received over the life of the asset, discounted to present value. The cost approach presumes that an investor would pay no more for an asset than its replacement or reproduction cost. The market approach estimates value based on what other participants in the market have paid for reasonably similar assets. Although each valuation approach is considered in valuing the assets acquired, the approach ultimately selected is based on the characteristics of the asset and the availability of information.

The Company records contingent consideration resulting from a business combination at its fair value on the acquisition date. Each reporting period thereafter, the Company revalues these obligations and records increases or decreases in their fair value as an adjustment to net change in contingent consideration obligation within the Consolidated Statements of Operations. Changes in the fair value of the contingent consideration obligation can result from updates in the achievement of financial or other operational targets and changes to the weighted probability of achieving those future targets. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date and for each subsequent period. Accordingly, any change in the assumptions described above, could have a material impact on the amount of the net change in contingent consideration obligation that the Company records in any given period.

Discontinued Operations

The Company generally classifies a disposal transaction as discontinued operation in the consolidated financial statements when it qualifies as a component of the Company, meets the held for sale criteria, is disposed of by sale, or is disposed of other than by sale and it represents a strategic shift that has a major effect on the Company's operations and financial results. Insignificant and non-strategic shifting divestitures are not classified within discontinued operations.

Investments in Affiliates and Other Entities

In the normal course of business, Synchronoss enters into various types of investment arrangements, each having unique terms and conditions. These investments may include equity interests held by Synchronoss in business entities, including general or limited partnerships, contractual ventures, or other forms of equity participation. Synchronoss determines whether such investments involve a variable interest entity ("VIE") based on the characteristics of the subject entity. If the entity is determined to be a VIE, then management determines if Synchronoss is the primary beneficiary of the entity and whether or not consolidation of the VIE is required. The primary beneficiary consolidating the VIE must normally have both (i) the power to direct the activities of a VIE that most significantly affect the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE, in either case that could potentially be significant to the VIE. When Synchronoss is deemed to be the primary beneficiary, the VIE is consolidated and the other party's equity interest in the VIE is accounted for as a noncontrolling interest.

The Company generally accounts for investments it makes in VIEs in which it has determined that it does not have a controlling financial interest but has significant influence over and holds at least a 20% ownership interest using the equity method. Any such investment not meeting the parameters to be accounted under the equity method would be accounted for using the cost method unless the investment had a readily determinable fair value, at which it would then be reported.

If an entity fails to meet the characteristics of a VIE, the Company then evaluates such entity under the voting model. Under the voting model, the Company consolidates the entity if they determine that they, directly or indirectly, have greater than 50% of the voting shares, and determine that other equity holders do not have substantive participating rights.

Allowance for Loan Losses

The Company's allowance for credit losses relates to the related party note receivable and is based on the probable estimated losses that may be incurred. The allowance is based on two basic principles of accounting: (1) ASC Topic 450, "Accounting for Contingencies", which requires that losses be accrued when they are probable of occurring and estimable, and (2) ASC Topic 310, "Accounting by Creditors for Impairment of a Loan", which requires that losses be accrued based on the differences between the value of collateral and the present value of future cash flows.

The allowance for loan losses is established to estimate losses that may occur by recording a provision for loan losses that is charged to earnings in the period known. The allowance is evaluated by management taking into consideration adverse situations that may affect the borrower's ability to repay and the estimated value of any underlying collateral. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Measured impairment and credit losses are charged against the allowance when management believes to the extent amounts are not collectible.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired, including other definite-lived intangible assets. Goodwill is reviewed for impairment annually as of October 1st of each year or when an interim triggering event has occurred indicating potential impairment. The Company has concluded that it has two operating segments and one reportable segment because the aggregation criteria and the quantitative threshold test was met. The Company tests for goodwill impairment on each of its reporting units, which is at the operating segment or one level below the operating segment.

During our qualitative assessment we make significant estimates, assumptions, and judgments, around the financial performance of the Company, changes in our share price, and forecasts of earnings, working capital requirements, and cash flows. We consider each reporting unit's historical results and operating trends as well as any strategic difference from our historical results when determining these assumptions.

The Company can opt to perform a qualitative assessment to test a reporting unit's goodwill for impairment or the Company can directly perform the quantitative impairment test. If the Company determines that the fair value of a reporting unit is more likely than not to be less than its carrying amount, a quantitative impairment test is performed.

Fair value estimates used in the quantitative impairment test are calculated using a combination of the income and market approaches. The income approach is based on the present value of future cash flows of each reporting unit, while the market approach is based on certain multiples of selected guideline public companies or selected guideline transactions. The approaches incorporate a number of market participant assumptions including future growth rates, discount rates, income tax rates and market activity in assessing fair value and are reporting unit specific. If the carrying amount exceeds the reporting unit's fair value, we recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

The fair value measurement associated with the quantitative goodwill impairment test is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Significant changes in the underlying assumptions used to value goodwill could significantly increase or decrease the fair value estimates used for impairment assessments.

In order to assess the reasonableness of the estimated fair value of the Company's reporting units, the Company compares the aggregate reporting unit fair value to the Company's market capitalization on an overall basis and calculates an implied control premium (the excess of the sum of the reporting units' fair value over the Company's market capitalization on an overall basis). The Company evaluates the control premium by comparing it to observable control premiums from recent comparable transactions. If the implied control premium is determined to not be reasonable in light of these recent transactions, the Company re-evaluates its reporting unit fair values, which may result in an adjustment to the discount rate and/or other assumptions.

This re-evaluation could result in a change to the estimated fair value for certain or all reporting units. If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired.

If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired and the excess of the reporting unit's carrying value over the fair value is recognized as an impairment loss.

There were no goodwill impairment charges recognized during the years ended December 31, 2017, 2016 and 2015.

Impairment of Long-Lived Assets

A review of long-lived assets for impairment is performed when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If an indication of impairment is present, the Company compares the estimated undiscounted future cash flows to be generated by the asset to the asset's carrying amount. If the undiscounted future cash flows are less than the carrying amount of the asset, the Company records an impairment loss equal to the amount by which the asset's carrying amount exceeds its fair value. The fair value is determined based on valuation techniques such as a comparison to fair values of similar assets or using a discounted cash flow analysis.

This fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Significant changes in the underlying assumptions used to value long lived assets could significantly increase or decrease the fair value estimates used for impairment assessments.

Long lived assets that do not have indefinite lives are amortized/depreciated over their useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company reevaluates the useful life determinations each year to determine whether events and circumstances warrant a revision to the remaining useful lives.

Income Taxes

On December 22, 2017, the U.S. government enacted Federal tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "TCJA"). The TCJA makes changes to the corporate tax rate, business-related deductions and taxation of foreign earnings, among others, that will generally be effective for taxable years beginning after December 31, 2017. These changes could have a material adverse impact on the value of the Company's U.S. deferred tax assets and liabilities, result in significant one-time charges in the current or future taxable years and increase the Company's future U.S. tax expense. Due to the complexities involved in accounting for the recently enacted TCJA, the SEC's Staff Accounting Bulletin ("SAB") 118 requires that the company include in its financial statements the reasonable estimate of the impact of the TCJA on earnings to the extent such reasonable estimate has been determined. Accordingly, the U.S. provision for income tax for 2017 is based on the reasonable estimate guidance provided by SAB 118. The Company is continuing to assess the impact from the TCJA and will record adjustments in 2018.

Since the Company conducts operations on a global basis, the effective tax rate has, and will depend upon, the geographic distribution of pre-tax earnings among locations with varying tax rates. The Company accounts for the effects of income taxes that result from activities during the current and preceding years. Under this method, deferred income tax liabilities and assets are based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse or be utilized. The realization of deferred tax assets is contingent upon the generation of future taxable income. A valuation allowance is recorded if it is "more likely than not" that a portion or all of a deferred tax asset will not be realized.

In evaluating the Company's ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, the Company begins with historical results and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax-planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company is using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income (loss).

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The Company recognizes a tax benefit from an uncertain tax position only if it is more likely than not to be sustained upon examination based on the technical merits of the position. The amount of the accrual for which an exposure exists is measured by determining the amount that has a greater than 50 percent likelihood of being realized upon the settlement of the position. Components of the reserve are classified as current or a long term liability in the Consolidated Balance Sheets based on when the Company expects each of the items to be settled. The Company records interest and penalties accrued in relation to uncertain tax benefits as a component of interest expense. The Company expects that the amount of unrecognized tax benefits will change during 2018, we expect the change to have a $2.8 million impact on our results of operations and financial position.

While the Company believes it has identified all reasonably identifiable exposures and that the reserve it has established for identifiable exposures is appropriate under the circumstances, it is possible that additional exposures exist and that exposures may be settled at amounts different than the amounts reserved. It is also possible that changes in facts and circumstances could cause it to either materially increase or reduce the carrying amount of tax reserves. In general, tax returns for the year 2014 and thereafter are subject to future examination by tax authorities.

The Company's policy has been to leave the cumulative unremitted foreign earnings invested indefinitely outside the United States, and it intends to continue this policy. Although the transition tax in the TCJA has removed U.S. federal taxes on distributions to the U.S. on a go forward, the Company continues to assert permanent reinvestment on foreign earnings. Due to the timing and circumstances of repatriation of such earnings, if any, it is not practicable to determine the unrecognized deferred tax liability relating to such amounts.

Foreign Currency

The functional currency is translated into U.S. dollars for balance sheet accounts using the month end rates in effect as of the balance sheet date and average exchange rate for revenue and expense accounts for each respective period. The translation adjustments are deferred as a separate component of stockholders' equity within accumulated other comprehensive income.

Gains or losses resulting from transactions denominated in foreign currencies are included in other income or expense, within the Consolidated Statements of Operations and were as follows:

	Year ended December 31,		
	2017	**2016**	**2015**
		(Restated)	**(Restated)**
Net loss on foreign currency translations	$ (4,952)	$ (270)	$ (512)

Comprehensive Income (Loss)

Reporting on comprehensive income requires components of other comprehensive income, including unrealized gains or losses on available-for-sale securities, to be included as part of total comprehensive income. Comprehensive income is comprised of net income, translation adjustments and unrealized gains and losses on available-for-sale securities. The components of comprehensive income are included in the Consolidated Statements of Comprehensive Income (Loss).

Basic and Diluted Net Income Attributable to Common Stockholders per Common Share

Basic earnings per share is calculated by using the weighted-average number of common shares outstanding during the period, excluding amounts associated with restricted shares.

The diluted earnings per share calculation is based on the weighted-average number of shares of common stock outstanding adjusted for the number of additional shares that would have been outstanding had all potentially dilutive common shares been issued.

Potentially dilutive shares of common stock include stock options, convertible debt and unvested restricted stock. The dilutive effects of stock options and restricted stock awards are based on the treasury stock method. The dilutive effect of the assumed conversion of convertible debt is determined using the if-converted method. The after-tax effect of interest expense related to the convertible securities is added back to net income, and the convertible debt is assumed to have been converted into common shares at the beginning of the period.

Stock-Based Compensation

As of December 31, 2017, the Company maintains eight stock-based compensation plans.

The Company utilizes the Black-Scholes pricing model to determine the fair value of stock options on the dates of grant. Restricted stock awards are measured based on the fair market values of the underlying stock on the dates of grant. The Company recognizes stock-based compensation over the requisite service period with an offsetting credit to additional paid-in capital.

For the Company's performance restricted stock awards, the Company estimates the number of shares the recipient is to receive by applying a probability of achieving the performance goals. The actual number of shares the recipient receives is determined at the end of the performance period based on the results achieved versus goals based on the performance targets, such as revenues and earnings before interest, tax, depreciation and amortization ("EBITDA"). Once the number of awards is determined, the compensation cost is fixed and continues to be recognized using straight line recognition over the requisite service period for each vesting tranche.

During 2017, the Board approved the issuance of performance-based restricted stock to certain executives which are eligible to vest if the volume-weighted average closing price over 20 consecutive trading days equals or exceeds certain stock prices during the specific performance period from July 2017 to July 2019. The Company utilized the Monte Carlo simulation to estimate the fair value of the restricted stock on its grant date.

Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on historical information of the Company's stock. The average expected life was determined using historical stock option exercise activity. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The Company has never declared or paid cash dividends on the common or preferred equity and does not anticipate paying any cash dividends in the foreseeable future. Forfeitures are accounted for as they occur.

Recently Issued Accounting Standards

In May 2014, the FASB issued a new accounting standard related to revenue recognition, Accounting Standards Update (ASU") 2014-09, "Revenue from Contracts with Customers," ("ASC 606" or "Topic 606"). The new standard supersedes the existing revenue recognition requirements under U.S. GAAP and requires entities to recognize revenue when they transfer control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. It also requires increased disclosures regarding the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers.

On January 1, 2018, we adopted Topic 606 applying the modified retrospective method to all contracts that were not completed as of January 1, 2018. We recorded a net reduction to opening retained earnings of approximately $10.1 million as of January 1, 2018 due to the cumulative impact of adopting Topic 606.

The impact of adoption primarily relates to (1) the delayed pattern of recognition under Topic 606 for certain professional services revenue when such professional services involve the customization of features and functionality for subscription services customers and (2) the earlier pattern of recognition under Topic 606 for license revenue when the Company provides hosting services for on-premise license customers. In the case of professional services that involve the customization of features and functionality for subscription services, under historic accounting policies the professional services were considered to have standalone value, and as a result were recognized as the services were performed. Under Topic 606, such professional services are not considered to be a distinct performance obligation within the context of the subscription services contract, and as such customization services revenue is recognized over the shorter of the estimated remaining life of the subscription software (typically three years) or the remaining term of the subscription services contract. In the case of license contracts sold in association with hosting, under historic accounting policies the license revenue was recognized over the hosting term due to the lack of vendor specific objective evidence ("VSOE") of fair value for the hosting services. Under Topic 606, VSOE is no longer required in order to allocate revenue between the license and the hosting services, and the license revenue is generally recognized upon delivery of the software based on the relative allocation of the contract price based on the established standalone selling price ("SSP")

Additional impacts of adoption include (1) in certain cases changes in the amount allocated to the various performance obligation in accordance with the relative standalone selling price method required by Topic 606 compared to the amount allocated to the various elements in accordance with the residual method or the relative selling price method, as applicable, under historic accounting policies, (2) the capitalization and subsequent amortization of certain sales commissions as costs to obtain a contract under ASC 340-40, whereas under historic accounting policies all such amounts were expensed as incurred (3) the timing and amount of revenue recognition for certain sales contracts that are considered to involve variable consideration under Topic 606, but were considered to either not be fixed or determinable or to involve contingent revenue features under historic accounting policies, (4) in certain limited cases, the accounting for discounted customer options to purchase future software or services as material rights under Topic 606, as well as (5) the income tax impact of the above items, as applicable.

In connection with the adoption of Topic 606 and the related cost accounting guidance under ASC 340, we are required to capitalize certain contract acquisition costs consisting primarily of commissions and bonuses paid when contracts are signed. As of January 1, 2018, the date we adopted Topic 606, we capitalized $0.7 million in contract acquisition costs related to contracts that were not completed.

Under ASC 340-40 we evaluate whether or not we should capitalize the costs of fulfilling a contract. Such costs would be capitalized when they are not within the scope of other standards and: (1) are directly related to a contract; (2) generate or enhance resources that will be used to satisfy performance obligations, and (3) are expected to be recovered. No such costs were capitalized as of January 1, 2018.

SYNCHRONOSS TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Recent accounting pronouncements adopted

Standard	Description	Effect on the financial statements
Accounting Standards Update ("ASU") 2017-04 Simplifying the Test for Goodwill Impairment	In January 2017, the Financial Accounting Standards Board ("FASB") issued guidance which eliminates Step 2 from the goodwill impairment test. Under the amendments in this Update, an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 also eliminates the requirement for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. ASU 2017-04 is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.	The Company elected to early adopt this ASU for annual and interim goodwill impairment testing dates after January 1, 2017. The adoption of this ASU had no impact on the Company's consolidated financial statements.
Date of adoption: January 1, 2020.		

Standard	Description	Effect on the financial statements
ASU 2017-01 Business Combinations (Topic 805), Clarifying the Definition of a Business	In January 2017, FASB changed its definition of a business in an effort to help entities determine whether a set of transferred assets and activities is a business. The guidance requires an entity to first evaluate whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set of transferred assets and activities is not a business. If the threshold is not met, the entity evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The guidance narrows the definition of outputs by more closely aligning it with how outputs are described in the new revenue guidance. The guidance is effective for public business entities for annual periods beginning after 15 December 2017, and interim periods within those periods. For all other entities, it is effective for annual periods beginning after 15 December 2018, and interim periods within annual periods beginning after 15 December 2019. Early adoption is permitted.	The Company elected to early adopt this ASU on January 1, 2017 on a prospective basis. The adoption of this ASU had no impact on the Company's consolidated financial statements.
Date of adoption: January 1, 2017.		
ASU 2016-18 Statement of Cash Flows (Topic 230)	In November 2016, the FASB issued ASU 2016-18, which amends the guidance in ASC 230, including providing additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. ASU 2016-18 is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those years, with early adoption permitted.	The Company adopted this ASU on January 1, 2017 to each period presented and applied the changes to the Consolidated Statements of Cash Flows.
Date of adoption: January 1, 2017.		
ASU 2016-17 Consolidation: Interest Held through Related Parties That Are under Common Control	In October 2016, the FASB issued ASU 2016-17, to amend the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity should treat indirect interests in the entity held through related parties that are under common control within the reporting entity when determining whether it is the primary beneficiary of that variable interest entity. The standard is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted.	The Company elected to early adopt this ASU on January 1, 2017 on a prospective basis. The adoption of this ASU had no significant impact on the Company's consolidated financial statements.
Date of adoption: January 1, 2017.		
ASU 2016-16 Intra-Entity Transfers of Assets Other Than Inventory	In October 2016, the FASB issued ASU 2016-16, which requires entities to recognize at the transaction date the income tax effects for intra-entity transfers of assets other than inventory. The standard is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted.	The Company elected to early adopt this ASU on January 1, 2017 on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings of $3.2 million as of January 1, 2017.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Date of adoption: January 1, 2017.		
ASU 2016-15 Statement of Cash Flows	In August 2016, the FASB issued ASU 2016-15 which will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017. ASU 2016-15 will require adoption on a retrospective basis unless it is impracticable to apply, in which case the Company would be required to apply the amendments prospectively as of the earliest date practicable.	The Company elected to early adopt this ASU on January 1, 2017 using a retrospective transition method. The adoption of this ASU had no impact on the Company's consolidated financial statements.
Date of adoption: January 1, 2017.		

Standards issued not yet adopted

Standard	Description	Effect on the financial statements
ASU 2017-09 Stock Compensation (Topic 718), Scope of Modification Accounting	In May 2017, FASB issued guidance which clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. Entities will apply the modification accounting guidance if the value, vesting conditions or classification of the award changes. The guidance also clarifies that a modification to an award could be significant and therefore require disclosure, even if modification accounting is not required. ASU 2017-09 is effective for fiscal years, and interim periods within those years, beginning after December 31, 2017. Early adoption is permitted as of the beginning of an annual period for which financial statements have not been issued. ASU 2017-09 should be applied prospectively to an award modified on or after the adoption date.	The Company is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.
Date of adoption: January 1, 2018.		
ASU 2016-13 Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	In June 2016, the FASB issued ASU 2016-13 which replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for public companies in annual periods beginning after December 15, 2019, and interim periods within those years. Early adoption is permitted beginning after December 15, 2018 and interim periods within those years.	The Company is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.
Date of adoption: January 1, 2020.		
ASU 2016-02 Leases (Topic 842)	In February 2016, the FASB issued ASU 2016-02 which requires lessees to recognize, for all leases of 12 months or more, a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature of an entity's leasing activities. This ASU is effective for public reporting companies for interim and annual periods beginning after December 15, 2018, with early adoption permitted, and must be adopted using a modified retrospective approach.	The Company is in the process of evaluating the effect of the new guidance on its consolidated financial statements and disclosures.
Date of adoption: January 1, 2019.		

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Segment and Geographic Information

The Company's chief operating decision-maker is the Principal Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions. However, in assessing financial performance and allocating resources, the Company considers the markets in which it operates. The Company has determined that it currently operates in two business segments: (i) providing cloud solutions and software-based activation for connected devices globally and (ii) enterprise solutions. Given the size of the Company's enterprise segment, and the Company's shift in focus toward the telecommunications, media and technology ("TMT") market, the Company concluded that it has one reportable segment. Although the Company operates in North America, Europe and Asia-Pacific a majority of the Company's revenue and long lived assets are in the U.S.

Revenues by geography are based on the billing addresses of the Company's customers. The following tables set forth revenues and property and equipment, net by geographic area:

	Year Ended December 31,		
	2017	2016	2015
Revenues		(Restated)	(Restated)
Domestic	$ 334,970	$ 360,891	$ 334,829
Foreign	67,391	65,403	37,732
Total	$ 402,361	$ 426,294	$ 372,561

	December 31,	
	2017	2016
Property and equipment, net:		(Restated)
Domestic	$ 106,727	$ 149,378
Foreign	5,098	8,827
Total	$ 111,825	$ 158,205

SYNCHRONOSS TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts in tables in thousands, except for per share data or unless otherwise noted)

4. Acquisitions and Divestitures

2017 Transactions

Intralinks

Acquisition

On January 19, 2017, the Company purchased all outstanding shares of Intralinks Holdings, Inc. (“Intralinks”). In connection with the acquisition, the Company entered into a $900.0 million senior secured term loan (the “2017 Term Facility”), as of the date of acquisition. Intralinks is a global technology provider of Software as a service (“SaaS”) solutions for secure enterprise content collaboration within and among organizations. Intralinks’ cloud-based solutions enable organizations to securely manage, control, track, search, exchange and collaborate on sensitive information inside and outside the firewall. The total purchase price consideration consisted of the repayment of existing Intralinks indebtedness, and non-cash consideration for services rendered on unvested Intralinks equity awards that were converted into the Company equity awards on the acquisition date. The acquisition was primarily funded from the proceeds of the $900.0 million credit agreement as of the date of acquisition (See *Note 11 - Debt* for further discussion regarding the credit agreement).

The following is a summary of the components of the consideration transferred as part of the acquisition:

Cash consideration for outstanding Intralinks’ common shares	$	746,071
Cash consideration for accelerated equity awards to Intralinks’ employees upon change in control		7,873
Cash consideration for vested unexercised Intralinks’ stock options		19,838
Cash consideration for existing Intralinks’ debt		77,800
Cash consideration for shareholders purchase price settlement		2,794
Total cash consideration transferred		854,376
Fair value of replacement awards		4,702
Total consideration transferred	$	859,078

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The purchase price allocation as of the date of the acquisition were as follows:

	Weighted Average Life in Years	Purchase Price Allocation
Cash		$ 39,370
Accounts receivable		46,182
Prepaid expenses and other assets		9,775
Property and equipment, net	4	14,075
Goodwill		482,822
Intangible Assets:		
Developed technology	6	79,400
Capitalized software costs	1	277
Trade name	18	47,800
Customer relationships	10	284,100
		411,577
Other assets, long-term		3,865
Investment in unconsolidated affiliate		5,800
Total assets acquired		1,013,466
Accounts payable		4,853
Accrued expenses		21,421
Deferred revenues, short-term		12,449
Deferred tax liability		110,044
Deferred revenues, long-term		1,051
Other liabilities, long-term		4,570
Total liabilities		154,388
Net assets acquired		$ 859,078

The goodwill recorded in connection with this acquisition was primarily attributed to operating synergies and other benefits expected to result from the combined operations and the assembled workforce acquired. The goodwill acquired is not deductible for tax purposes.

Divestitures

On June 23, 2017, the Company received a non-binding indication of interest from Siris Capital Group, LLC (“Siris”) to acquire the Company. In light of the indication of interest, the Company’s Board of Directors decided to explore a broad range of strategic alternatives that would have the potential to unlock shareholder value. In October 2017, the Company concluded its review of strategic alternatives and determined that the best approach for the Company to achieve its goal of maximizing shareholder value was to focus on its core Telecommunication, Media and Technology (“TMT”) business, divest non-core assets and improve the Company’s balance sheet strength, cash position and potential profitability. Under the terms of certain definitive agreements, investment funds affiliated with Siris acquired all of the stock of the Company’s wholly-owned subsidiary, Intralinks for consideration of cash and an option to investment in convertible preferred equity of the Company.

Subject to the terms and conditions set forth in the Share Purchase Agreement, dated as of October 17, 2017 (the “Share Purchase Agreement”), among Synchronoss, Intralinks and Impala Private Holdings II, LLC, an affiliate of Siris (“Impala”), a related party, due to its significant interest in the Company’s common stock. Impala agreed to acquire from the Company the issued and outstanding shares of common stock of Intralinks for approximately $977.3 million in cash plus a potential contingent payment of up to $25.0 million, subject to an adjustment for cash, debt and working capital (the “Intralinks Transaction”). The total amount of funds used to complete the Intralinks Transaction and related transactions and pay related fees and expenses was approximately $1.0 billion, which was funded through a combination of equity and debt financing obtained by Impala.

Under the terms of the Share Purchase Agreement, the Company also provided Siris with a Siris Put Right (“Siris Put Right”), which would allow Silver to put shares held at the time, to Synchronoss at price of $14.56 per share, or $87.3 million in the aggregate. The Company determined that the Call option on the issuance of preferred and the Siris Put Right, together, represented one mandatorily redeemable financial instrument with a fair value of $33.6 million, which reduced the gain on sale of Intralinks.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

At the closing of the Intralinks Transaction on November 14, 2017, Impala acquired all of the issued and outstanding shares of Intralinks for approximately $991.0 million in cash, subject to post-closing adjustments for changes in cash, debt and working capital. If, in the future, Impala receives net cash proceeds in excess of $440.0 million from any sale of equity or assets of Intralinks, or a dividend or distribution in respect of the shares of Intralinks, then Impala is required to pay the Company up to an additional $25.0 million in cash or publicly traded securities. Immediately following the consummation of the Intralinks Transaction, the Company paid to Impala $5.0 million as partial reimbursement of the out-of-pocket fees and expenses incurred by Impala, Siris and their respective affiliates in connection with the execution of the Share Purchase Agreement and the Intralinks Transaction. Amounts reimbursed were recorded as a reduction in the gain on sale.

In accordance with the terms of the Share Purchase Agreement dated as of October 17, 2017 (the “PIPE Purchase Agreement”), with Silver Private Holdings I, LLC, an affiliate of Siris (“Silver”), on February 15, 2018, the Company issued to Silver 185,000 shares of its newly issued Series A Convertible Participating Perpetual Preferred Stock (the “Series A Preferred Stock”), par value $0.0001 per share, with an initial liquidation preference of $1,000 per share, in exchange for $97.7 million in cash and the transfer from Silver to us of the 5,994,667 shares of our common stock held by Silver (the “Preferred Transaction”). In connection with the issuance of the Series A Preferred Stock, we (i) filed a Certificate of Designation with the State of Delaware setting forth the rights, preferences, privileges, qualifications, restrictions and limitations on the Series A Preferred Stock (the “Series A Certificate”) and (ii) entered into an Investor Rights Agreement with Silver setting forth certain registration, governance and preemptive rights of Silver with respect to us (the “Investor Rights Agreement”). See *Note 13 - Capital Structure* for further discussion.

The following is a summary of the operating results of Intralinks during the year ended December 31, 2017, which have been reflected within income from discontinued operations, net of tax:

	2017
Net revenues	**$ 213,178**
Costs and expenses:	
Cost of services	35,393
Research and development	19,148
Selling, general and administrative	114,737
Restructuring	15,995
Depreciation and amortization	41,780
Total costs and expenses	227,053
Other income, net	1,448
Loss from discontinued operations	(12,427)
Gain on sale of discontinued operations	**122,842**
Income from discontinued operations before taxes	110,415
Provision for income taxes	(34,920)
Discontinued operations, net of taxes	**$ 75,495**

The pre-tax gain on sale of Intralinks included in the Consolidated Statement of Operations was $122.8 million for the year ended December 31, 2017.

The Company signed a Transition Service Agreement (“TSA”) to provide accounting, tax, legal, payroll and IT services for up to six months after the divestiture. Amounts earned under the agreement were reflected as a reduction in Selling, general and administrative expenses in the statement of operations.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

SpeechCycle

On February 1, 2017, the Company completed a divestiture of its SpeechCycle business, to an unrelated third party, for consideration of $13.5 million. As part of the divestiture, Synchronoss entered into a one-year transition services agreement with the acquiring company to support various indirect activities such as customer software support, technical support services, maintenance and general & administrative support services.

The Company recorded a pre-tax gain of $4.9 million as a result of the divestiture which is included in other income (expense), net in the Consolidated Statement of Operations.

2016 Transactions

Acquisitions

Openwave Messaging, Inc. ("Openwave")

On March 1, 2016, the Company acquired all outstanding shares of Openwave for $114.5 million, net of working capital adjustments and liabilities assumed, comprised of $92.5 million paid in cash and $22.0 million paid in shares of the Company's common stock, based upon the average market value of the common stock for the ten trading days prior to the acquisition date.

Openwave's product portfolio includes its core complete messaging platform optimized for today's most complex messaging requirements worldwide with a particular geographic strength in Asia-Pacific. With this acquisition and combined with Synchronoss' current global footprint, Synchronoss will have increased direct access to subscribers around the world for the Synchronoss Personal Cloud™ platform and bolster the Company's go-to-market efforts internationally.

In connection with the acquisition of Openwave, the Company entered into $10.0 million patent settlement agreement. The Company determined that the transaction was negotiated in the overall consideration paid for the purchase of Openwave, and as result, the proceeds were reflected as a reduction in the Company's purchase price.

The following is a summary of the components of the consideration transferred as part of the acquisition:

	(Restated)
Cash consideration for outstanding common shares	$ 102,538
Issuance of Common Stock	22,000
Intellectual Property Settlement	(10,000)
Total cash consideration transferred	114,538
Issuance of Common Stock	(22,000)
Cash Consideration Transferred	$ 92,538

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The Company determined the fair value of the net assets acquired as follows:

		Purchase Price Allocation (Restated)	
Cash	$	4,110	
Prepaid expenses and other assets		3,005	
Property, Plant & Equipment		2,882	
Long term assets		1,870	
Intangible assets:			Wtd. Avg.
Trade name		1,000	1 year
Technology		32,100	7 years
Customer relationships		29,000	10 years
Goodwill		81,015	
Total assets acquired		154,982	
Accounts payable and accrued liabilities		17,622	
Deferred revenues		7,331	
Long term liabilities		15,491	
Net assets acquired	$	114,538	

The goodwill recorded in connection with this acquisition was based on operating synergies and other benefits expected to result from the combined operations and the assembled workforce acquired. The goodwill acquired is not deductible for tax purposes.

Divestitures

Mirapoint

On December 29, 2016, the Company completed the divestiture of the Company's Mirapoint activation business to an unrelated third party and recorded a gain of $1.4 million on the sale, which is included in other income (expense), net in the Consolidated Statement of Operations.

Sequential Technology International, LLC

On December 16, 2016, Synchronoss completed a divestiture of a portion of its BPO to a newly formed entity named STIN which had a total value of $140.8 million. As part of the sales arrangement, Synchronoss retained a 30% investment in STIN. STIH an unrelated third party that was formerly named Omniglobe International LLC, will own the remaining 70% of STIN. STIH financed the purchase of these assets through cash of $27.3 million (including $10.0 million of license), a new term loan, and a related party subordinated seller's note receivable with a par value of $83.0 million issued by Synchronoss, which is secured by STIH's interest in STIN. The sellers note was issued at a discount, with a transaction value of $69.8 million. The sellers note earns interest at a rate of LIBOR plus 1100 bps per annum and matures on June 16, 2022. On December 22, 2016, the Company entered into a non-exclusive perpetual license agreement with STIH, for consideration of $10.0 million.,The Company determined that the license agreement was negotiated with the sale, and in the overall consideration paid for the purchase of STIN, and as a result, the proceeds from sale of the perpetual license were reflected as additional consideration received from the sale of its BPO business, resulting in additional gain recognized in the sale.

Additionally, as as part of its divestiture, the Company provided a guarantee to Goldman for $30.0 million of the $40.0 million in senior debt extended by Goldman to STIH which is referenced as the Third Party Note in *Note 6 - Investments in Affiliates and Related Transactions*. The Company recognized the guarantee on the date of transaction as a reduction in the gain on sale in the amount of $0.6 million.

The Company and STIH agreed to a put and call option in regards to the Company's equity interest in STIN. The Company will have the right to exercise a put option at any time to sell its interest in STIN, at the fair market value determined at the date of exercise. Additionally, STIH will have the right to exercise a call option at any time to purchase the interest in STIN at the fair market value determined at the date of exercise.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The Company determined that the put and call options are embedded within the host contract and do not require bifurcation and separate accounting treatment. STIN has been determined to be a VIE of which the Company is not the primary beneficiary.

As part of the divestiture, Synchronoss entered into a three-year MSA with STIN to provide for access to certain platforms, and assets necessary to perform certain tasks, as part of the exception handling process. See *Note 6 - Investments in Affiliates and Related Transactions*.

The following is a summary of the operating results of BPO which have been reflected within income from discontinued operations, net of tax:

	Year ended December 31, (Restated)	
	2016	2015
Net revenues	$ 145,241	$ 150,714
Costs and expenses:		
Cost of services	96,737	83,931
Selling, general and administrative	2,615	2,324
Total costs and expenses	99,352	86,255
Income from discontinued operations	45,889	64,459
Gain on sale of discontinued operations	113,130	—
Income from discontinued operations before taxes	159,019	64,459
Provision for income taxes	(68,459)	(24,191)
Discontinued operations, net of taxes	$ 90,560	$ 40,268

2015 Transactions

Acquisitions

Zentry

On December 31, 2015, the Company formed a venture with MCI Communication Services and Verizon Patent and Licensing Inc. (collectively, "Verizon PLI"), referred to as Zentry with the goal of accelerating the Company's entrance into the enterprise market by adding identity management capabilities to the Synchronoss Secure Mobility Suite. The Company obtained a 67% interest in Zentry in exchange for $48.0 million.

Concurrently with the formation of the venture, Zentry entered into a non-exclusive perpetual license agreement with Verizon Sourcing, LLC, in the amount of $23.0 million, for the continued use of software for the UIS platform. This transaction was executed for the benefit of the venture and entered into concurrently with the venture formation. Accordingly, the Company accounted for the license as a reduction in the purchase price. The reduction resulted in a net purchase price of $25.0 million.

The Company and Verizon PLI agreed to certain put and call options with regard to Verizon PLI's interest in Zentry. Verizon PLI will have the right to exercise a put option (the "Put Option") any time on or after December 31, 2018, to sell their interest in Zentry at a value which approximates fair value to the Company. Under the Put Option, the Company will be obligated to purchase Verizon PLI's interest. In addition, the Company has a call option (the "Call Option") to purchase Verizon PLI's interest in Zentry at any time on or after December 31, 2018 at a value which approximates fair value. Although the Company has the option to settle any amount in excess of $200.0 million in shares of the Company's publicly traded common stock equal to the purchase price to be paid divided by the volume weighted average trading price per share during the thirty days prior to the date of such settlement, the Company's intention is to settle the entire amount in cash.

The Company determined that the Put Option is embedded within the noncontrolling interest shares that are subject to the Put Option. The redemption feature requires the classification of Verizon PLI's minority interest in the Consolidated Balance Sheets outside of equity under the caption "redeemable noncontrolling interest". The fair value of the net assets acquired approximated the purchase price. The venture was deemed not to be a VIE, as a result, the Company consolidated the venture in the consolidated financial statements according to the voting model.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Razorsight

On August 4, 2015, the Company acquired all outstanding shares of Razorsight for $25.3 million, net of liabilities assumed. In addition, the Company potentially may make payments totaling up to approximately $15.0 million based on the ability to achieve a range of business objectives for the period from the acquisition date through December 31, 2016.

Razorsight offers cloud-based analytics solutions for communications service providers. Their cloud-based products embed advanced statistical analysis and predictive analytics to proactively pinpoint customer attrition risk, revenue opportunities, and better customer experiences. Synchronoss believes that this acquisition will strategically enhance the Company's product portfolio allowing the Company to reach a broader client base and by expanding their value proposition and more deeply embedding their platform.

F-Secure Corporation ("F-Secure")

On February 23, 2015, the Company acquired certain cloud assets from F-Secure, an online security and privacy company headquartered in Finland, for cash consideration of $59.5 million, net of liabilities assumed. The Company believes that the purchase will expand the Company's cloud services customer base.

On February 18, 2015, the Company entered into a patent license and settlement agreement for $10.0 million, whereby the Company granted F-Secure a limited license to the Company's patents. The Company concluded that since the settlement and the acquisition were contemplated and negotiated together, the Company determined to net the $10.0 million settlement against the consideration transferred in connection with the purchase price, resulting in purchase price of $49.5 million.

The Company entered into a number of acquisitions as described above, during 2015. The table below summarizes the fair value of the net assets acquired as follows:

	(Restated)			
	Zentry	**Razorsight**	**F-Secure**	**Total**
Cash		$ 1,172		$ 1,172
Accounts receivable		120		120
Prepaid expenses and other assets		1,111		1,111
Equipment	2,900	879		3,779
Other assets - long term		144		144
Intangible assets:				
Technology	23,200	9,200	3,071	35,471
Customer relationships	2,300	11,690	20,475	34,465
Goodwill	9,100	6,985	26,454	42,539
Total assets acquired	37,500	31,301	50,000	118,801
Accounts payable and accrued liabilities		2,216	519	2,735
Lease obligation		333		333
Deferred revenues		965		965
Contingent consideration		122		122
Deferred taxes		2,381		2,381
Redeemable noncontrolling interest	12,500			12,500
Net assets acquired	$ 25,000	$ 25,284	$ 49,481	$ 99,765

The goodwill recorded in connection with these acquisitions were based on operating synergies and other benefits expected to result from the combined operations and the assembled workforce acquired. The goodwill acquired is not deductible for tax purposes. The average useful lives of the technology and customer relationships acquired during the year ranged from one to five years and five to seven years, respectively.

Acquisitions-Related Costs

Acquisition related costs recognized during the years ended December 31, 2017, 2016 and 2015 including transaction costs such as legal, accounting, valuation and other professional services, were $13.0 million, $10.9 million, and $1.3 million, respectively.

SNCR, LLC

On November 16, 2015, the Company formed a venture with Goldman Sachs (“Goldman”), referred to as SNCR, LLC in order to develop and deploy the Synchronoss Secure Mobility Suite, which would include integration of Synchronoss Workspace platform with Goldman's internally developed mobile security intellectual property to help provide a safe, secure mobile device environment that also effectively supports BYOD.

The Company and Goldman agreed to certain put and call options with regard to Goldman’s interest in SNCR, LLC. Goldman will have the right to exercise a put option (the "SNCR Put Option") in each of 2019 and 2020, from January 1 of the applicable year until April 30 of such year to sell their interest in SNCR, LLC to the Company under the SNCR Put Option at a value which approximates fair value. Under the SNCR Put Option the Company will be obligated to purchase Goldman’s interest. In addition, the Company has a call option (the "SNCR Call Option") to purchase Goldman’s interest in SNCR, LLC during the same period, at a value which approximates fair value at the date of exercise. If, as of December 31, 2020, neither the SNCR Put Option or SNCR Call Option have been exercised and Goldman remains a holder of any Interest, from January 1, 2021, Goldman shall have the right (the “Special Put Right”) to cause the Company to purchase all of Goldman’s interest in SNCR, LLC, at a value which approximates fair value at the date of exercise. The Company, at its sole discretion, may settle the option in cash or in shares of its publicly traded common stock equal to the purchase price to be paid divided by the volume weighted average trading price per share during the thirty days immediately up to the day of such purchase. The Company’s intention is to settle the entire amount in cash.

The Company determined that the SNCR Put Option is embedded within the noncontrolling interest shares that are subject to the SNCR Put Option. The redemption feature requires the classification of Goldman’s minority interest in the Consolidated Balance Sheets outside of equity under the caption “Redeemable noncontrolling interest.” The fair value of the net assets acquired approximated the purchase price. SNCR, LLC has been determined to be a VIE of which the Company is the primary beneficiary. As a result of the transaction, the Company acquired intangible assets of $12.8 million.

5. Fair Value Measurements

In accordance with accounting principles generally accepted in the United States, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three level hierarchy prioritizes the inputs used to measure fair value as follows:

- Level 1 - Observable inputs - quoted prices in active markets for identical assets and liabilities;
- Level 2 - Observable inputs other than the quoted prices in active markets for identical assets and liabilities includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from valuation models where all significant inputs are observable in active markets; and
- Level 3 - Unobservable inputs - includes amounts derived from valuation models where one or more significant inputs are unobservable and require the Company to develop relevant assumptions.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The following is a summary of assets, liabilities and redeemable noncontrolling interests and their related classifications under the fair value hierarchy:

	December 31, 2017			
	Total	(Level 1)	(Level 2)	(Level 3)
Assets				
Cash, cash equivalents and restricted cash [1]	$ 246,125	$ 246,125	$ —	$ —
Marketable securities-short term [2]	3,111	—	3,111	—
Total assets	$ 249,236	$ 246,125	$ 3,111	$ —
Liabilities				
Contingent interest derivative [3]	193			193
Mandatorily redeemable financial instrument [4]	37,959			37,959
Total liabilities	$ 38,152	$ —	$ —	$ 38,152
Temporary Equity				
Redeemable noncontrolling interests [4]	$ 25,280	$ —	$ —	$ 25,280
Total temporary equity	$ 25,280	$ —	$ —	$ 25,280

	December 31, 2016			
(Restated)	Total	(Level 1)	(Level 2)	(Level 3)
Assets				
Cash, cash equivalents and restricted cash [1]	$ 211,433	$ 211,433	$ —	$ —
Marketable securities-short term [2]	12,506	—	12,506	—
Marketable securities-long term [2]	2,974	—	2,974	—
Total assets	$ 226,913	$ 211,433	$ 15,480	$ —
Liabilities				
Contingent consideration obligation	$ 2,833	$ —	$ —	$ 2,833
Total liabilities	$ 2,833	$ —	$ —	$ 2,833
Temporary Equity				
Redeemable noncontrolling interests [5]	$ 25,280	$ —	$ —	$ 25,280
Total temporary equity	$ 25,280	$ —	$ —	$ 25,280

(1) Cash equivalents primarily include money market funds
(2) Comprised of municipal bonds and certificates of deposit
(3) Contingent interest derivative related to convertible debt is included in accrued expenses, for further details see *Note 11 - Debt*.
(4) Mandatorily redeemable financial instruments comprise of the Company's contractual obligation to deliver a set number of preferred shares at a time in less than twelve months and the option for the Company to receive a set number of common shares
(5) Put arrangements held by the noncontrolling interests in certain of the Company's joint ventures

The Company utilizes the market approach to measure fair value for its financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The Company's marketable securities investments classified as Level 2 primarily utilize broker quotes in a non-active market for valuation of these securities.
No transfers between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy occurred during the years ended December 31, 2017 and December 31, 2016.

Unrealized gains and losses are reported as a component of accumulated other comprehensive income (loss) in stockholders' equity. There were no sales of marketable securities during the years ended December 31, 2017 and 2016. The cost of securities sold is based on the specific identification method. The Company evaluates investments with unrealized losses to determine if the losses are other than temporary. The Company has determined that the gross unrealized losses at December 31, 2017 and 2016 are temporary. In making this determination, the Company considered the financial condition, credit ratings and near-term prospects of the issuers, the underlying collateral of the investments, and the magnitude of the losses as compared to the cost and the length of time the investments have been in an unrealized loss position. Additionally, while the Company classifies the securities as available for sale, the Company does not currently intend to sell such investments and it is more likely than not to recover the carrying value prior to being required to sell such investments.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Available-for-Sale Securities

At December 31, 2017 and December 31, 2016, the estimated fair value of investments classified as available for sale, are as follows:

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable securities:				
Certificates of deposit	$ 250	$ —	$ —	$ 250
Municipal bonds	2,867	—	(6)	2,861
Total marketable securities	$ 3,117	$ —	$ (6)	$ 3,111

As of December 31, 2017, an insignificant amount of accumulated unrealized losses related to investments that have been in a continuous unrealized loss position for 12 months or longer. The aggregate related fair value of investment with unrealized losses was approximately $2.9 million.

	December 31, 2016 (Restated)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable securities:				
Certificates of deposit	$ 450	$ —	$ —	$ 450
Municipal bonds	15,063	1	(34)	15,030
Total marketable securities	$ 15,513	$ 1	$ (34)	$ 15,480

As of December 31, 2016, an insignificant amount of accumulated unrealized losses related to investments that have been in a continuous unrealized loss position for 12 months or longer. The aggregate related fair value of investment with unrealized losses was approximately $13.8 million.

Contractual maturities of marketable debt securities are as follows:

	December 31, 2017	
	Amortized Cost	Fair Value
Due within one year	$ 3,117	$ 3,111
Due after 1 year through 5 years	—	—
Total available-for-sale securities	$ 3,117	$ 3,111

Contingent Consideration

The Company determined the fair value of the contingent consideration related to the acquisition of Razorsight using a real options approach which uses a risk-adjusted expected growth rate based on assessments of expected growth in revenue, adjusted by an appropriate factor. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement. The significant unobservable inputs used in the fair value measurement of the Company’s contingent consideration obligation are the probabilities of achieving certain financial targets and contractual milestones and a risk-adjusted rate of 2.19%. Significant changes in any of those probabilities in isolation may result in a higher (lower) fair value measurement. No changes in valuation techniques occurred during the year ended December 31, 2017.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

During the year ended December 31, 2017, the Company paid down the remaining $2.8 million in connection with the Razorsight contingent consideration.

The changes in fair value of the Company's Level 3 contingent consideration obligation during the year ended December 31, 2017 were as follows:

Balance at December 31, 2016, as restated	$	2,833
Payment of contingent consideration		(2,831)
Other adjustments to contingent consideration obligation included in net income		(2)
Balance at December 31, 2017	$	—

Redeemable Noncontrolling Interests

The redeemable noncontrolling interests recorded at fair value are put arrangements held by the noncontrolling interests in certain of the Company's joint ventures. The Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the noncontrolling interest to the greater of the estimated redemption value, which approximates fair value, at the end of each reporting period or the initial carrying amount.

The fair value of the redeemable noncontrolling interests was estimated by applying an income approach using a discounted cash flow analysis. This fair value measurement is based on significant inputs that are not observable in the market and thus represents a Level 3 measurement. Significant changes in the underlying assumptions used to value the redeemable noncontrolling interests could significantly increase or decrease the fair value estimates recorded in the Consolidated Balance Sheets.

During the year ended December 31, 2017, the carrying amount of the redeemable noncontrolling interests was greater than the fair value and accordingly no adjustment to the carrying value was recorded.

The changes in redeemable noncontrolling interests classified as Level 3 measurements were as follows:

Balance at December 31, 2016	$	25,280
Fair value and other adjustments		9,291
Net loss attributable to interests in subsidiaries		(9,291)
Balance at December 31, 2017	$	25,280

Mandatorily Redeemable Financial Instruments

On October 17, 2017, the Company finalized the agreement under which Siris would acquire Intralinks for $977.3 million in cash as part of the Intralinks Transaction and would have the option to purchase $185.0 million of convertible, redeemable preferred stock. The common shares held by Siris were to be used to fund a portion of the purchase price of the preferred stock. Synchronoss also gave Siris the right to put up to 5,994,667 shares of common stock within 5 days of the termination of the preferred stock purchase agreement for an aggregate price of $87.3 million. The Company determined that the options together, represented one mandatorily redeemable financial instrument which is accounted for as a liability on the Consolidated Balance Sheets.

The fair value of the mandatorily redeemable financial instrument was measured based on significant inputs that are not observable in the market. The Company estimated fair value by applying the binomial lattice model which considered certain inputs such as risk free rate, stock price volatility, credit ratings, expected term and conversion features.

6. Investments in Affiliates and Related Transactions

Sequential Technology International, LLC

The Company includes investments which are accounted for using the equity method, under the caption equity method investments on the Company's Consolidated Balance Sheets. As of December 31, 2017, the Company's investments in equity interests was comprised of $33.9 million related to a 30% equity interest in STIN.

STIH, which holds a 70% equity interest in STIN, also holds a senior note issued by a Third Party ("Third-Party Note" or "Seller Note"). The Third-Party Note is secured against STIH's equity interest in STIN and is senior to the Company's equity interest in STIN. Under the arrangement, the recognition of cash dividends received by the Company from STIN, other than required cash distributions made for tax purposes, are deferred until the Third-Party Note is paid in full. Under the terms of the PIK note with STIH, deferred distributions are added to the amounts outstanding under the PIK note.

The Company concluded that STIN is a VIE as it lacks sufficient equity to finance its activities. However, the Company is not the primary beneficiary of STIN, as the Company does not have the power to direct the activities that most significantly impact STIN's economic performance and the obligation to absorb losses or the right to receive benefits from STIN that could potentially be significant to STIN.

Impairments of Investments

The Company regularly reviews its equity investments for impairments based on criteria that include the extent to which the investment's carrying value exceeds its related market value, the duration of the market decline, the Company's ability to hold its investment until recovery and the investment's financial strength and specific prospects.

Impairments of investments are reflected in "Equity method income/loss" in the Consolidated Statements of Operations and were recorded as a result of either the deteriorating financial position of the investee or due to a permanent impairment resulting from sustained losses and limited prospects for recovery.

During 2017, the Company recorded $9.1 million in losses in its Consolidated Statement of Operations related to its investment in STIN. No impairment charges were recognized during the period.

Transactions with Affiliates

Cloud Telephony and Support Services

In connection with the divestiture of business process outsourcing ("BPO"), Synchronoss entered into a three-year Cloud Telephony and Support services agreement to grant STIN access to certain Synchronoss software and private branch exchange ("PBX") systems to facilitate exception handling operations required to support STIN customers. The agreement requires the Company provide the following:

- Access to use its PBX system, which acts as a digital call exchange used to process both in-bound and out-bound calls as well as any corresponding interactive voice response ("IVR").

- Solution access and hosting, including Synchronoss Activation Gateway ("SAG") and iNow virtual front office platforms (the "Solution" service) includes access to a number of order managers, call tracker and reporting (visibility) modules used to initiate and perform necessary tasks as part of the exception handling process. Access to the Solution provides a mechanism for the exception handling business, whether STIN or any other BPO customer, to process orders manually. The Company is obligated to host and maintain the related technology throughout the term. In the event additional programs arise, requiring the use of Synchronoss products, such incremental programs will be priced in negotiations at such time.

- Technical support service, including network infrastructure support and maintenance. The Company will provide access to use and support to ensure fully operational workstations (including personal computers), including desktop, workstation and network support to the PBX systems, including firewall and anti-virus protection.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The Company recognized $26.0 million and $1.2 million in revenue related to these services during 2017 and 2016, respectively.

Support Services Agreement

Additionally, the Company entered into a Support Services Agreement ("SSA") to perform certain general and administrative support services, including billing and cash collections. The SSA is currently operating month-to-month and the Company expects to cease its support within the calendar year. Fees earned for services performed by the Company under the SSA were recorded as a reduction in the costs to perform within selling, general and administrative in the Consolidated Statements of Operations. Amounts earned under the arrangement were immaterial during all periods presented.

Seller Note

The Company holds a subordinated seller's note receivable from STIH which has a carrying value of $74.0 million as of December 31, 2017, which is secured by STIH's interest in STIN. The Company recognized $12.1 million in interest income related to this note during 2017. The related party note receivable earns paid-in-kind ("PIK"), until such time that the Third-Party Note is paid-in-full and shall earn interest at a rate equal to LIBOR plus 1100 basis points per annum, maturing on June 16, 2022. As a result, of STIH's covenant violation, in June 2017, the Company distributed approximately $6.2 million to Goldman ("Distribution Note"). The remaining amounts guaranteed under the Escrow arrangement were released upon assignment of certain customer contracts under the terms of the Escrow Agreement. As of December 31, 2017, the Company has no further obligations to guarantee the debt outstanding to Goldman. Under the terms of the PIK note with STIH, distributions made by STIN to the Company must be deferred and any deferred distributions or distributions made to Goldman are added to the amounts outstanding under the PIK note. During the year, the Company recognized an allowance for loan losses of $14.6 million in other expense in the Consolidated Statement of Operations, due concerns over collectibility of the remaining balance of the seller's note.

The following is a summary of the PIK note related balances as of December 31:

	Seller Note	Allowance	Unamortized discount	Loan accrued interest	Distribution Note	Distribution interest	Total
12/31/2016	$ 83,000	$ —	$ (13,146)	$ 415	$ —	$ —	$ 70,269
12/31/2017		(14,562)	984	10,681	6,187	425	3,715
Cumulative balance	$ 83,000	$ (14,562)	$ (12,162)	$ 11,096	$ 6,187	$ 425	$ 73,984

Related Party Balances

The STIN affiliate balances and their classification in the Consolidated Balance Sheets as of December 31, 2017 and December 31, 2016 were as follows:

	Year Ended December 31,	
	2017	2016
Restricted cash (A)	$ 118	$ —
Accounts receivable (B)	18,033	1,164
Total assets	**$ 18,151**	**$ 1,164**

(A) Represents cash balances outstanding as of year end in which the Company collected accounts receivable from STIN customers on behalf of STIN. This amount has been classified in short term restricted cash on the Consolidated Balance Sheets.

(B) These amounts principally included revenues generated from the Cloud and Telephony Support Services agreement and pass-through of vendor expenses incurred during the transition and assignment of vendor contracts.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Meeker Sharkey

During 2017, the Company engaged Meeker Sharkey as its insurance broker for its officers and directors, commercial liability and health benefits insurance. Thomas Sharkey, Jr., a principal of Meeker Sharkey, is the brother in law of James M. McCormick, a member of the Board of Directors. The Company paid Meeker Sharkey approximately $0.1 million, $0.4 million and $0.5 million during the years ended December 31, 2017, 2016 and 2015, respectively.

7. Property and Equipment

Property and equipment consist of the following:

	December 31, 2017	December 31, 2016 (Restated)
Computer hardware	$ 250,453	$ 242,739
Computer software	62,335	47,828
Construction in-progress	471	14,854
Furniture and fixtures	7,736	5,981
Building	8,808	8,808
Leasehold improvements	19,591	16,980
	349,394	337,190
Less: Accumulated depreciation	(237,569)	(178,985)
	$ 111,825	$ 158,205

Depreciation expense was approximately $57.0 million, $51.8 million, and $42.7 million for 2017, 2016, and 2015, respectively. Amortization of property and equipment recorded under capital leases are included in depreciation expense.

8. Goodwill and Intangibles

Goodwill

The Company records goodwill which represents the excess of the purchase price over the fair value of assets acquired, including other definite-lived intangible assets. Goodwill is reviewed annually for impairment or upon the occurrence of events or changes in circumstances that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

The following table shows the adjustments to goodwill during 2017 and 2016:

Balance at December 31, 2015, as restated	$ 149,928
Acquisitions	81,016
Divestitures	—
Reclassifications, adjustments and other	(3,033)
Translation adjustments	(3,260)
Balance at December 31, 2016, as restated	$ 224,651
Acquisitions	—
Divestitures	(1,854)
Reclassifications, adjustments and other	181
Translation adjustments	14,325
Balance at December 31, 2017	$ 237,303

The reclassification, adjustments and other of $0.2 million and $3.0 million for the years 2017 and 2016 are primarily related to purchase accounting adjustments and a change in the Company’s deferred tax asset in connection with a pre-acquisition tax loss, respectively.

When performing its annual impairment test, the Company compares the fair value of each reporting unit to its carrying amount with the fair values derived most significantly from the market approach, and to a lesser extent, the income approach. Under the market approach, the Company estimates fair value based on market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and investment characteristics as the reporting unit. The Company weights the fair value derived from the market approach depending on the level of comparability of these publicly-traded companies to the reporting unit. When market comparables are not meaningful or not available, the Company estimates the fair value of a reporting unit using only the income approach. Under the income approach, the Company estimates the fair value of a reporting unit based on the present value of estimated future cash flows. The Company bases cash flow projections on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The Company bases the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

In order to assess the reasonableness of the estimated fair value of the Company's reporting units, the Company compares the aggregate reporting unit fair value to the Company's market capitalization on an overall basis and calculates an implied control premium (the excess of the sum of the reporting units' fair value over the Company's market capitalization on an overall basis). The Company evaluates the control premium by comparing it to observable control premiums from recent comparable transactions. If the implied control premium is determined to not be reasonable in light of these recent transactions, the Company re-evaluates its reporting unit fair values, which may result in an adjustment to the discount rate and/or other assumptions. This re-evaluation could result in a change to the estimated fair value for certain or all reporting units. If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired.

If the fair value of the reporting unit is less than its carrying amount, goodwill is impaired and the excess of the reporting unit's carrying value over the fair value is recognized as an impairment loss.

There were no goodwill impairment charges recognized during the years ended December 31, 2017, 2016 and 2015.

Other Intangible Assets

The Company's intangible assets with definite lives consist primarily of technology, capitalized software, trade names, and customer lists and relationships. These intangible assets are being amortized on the straight-line method over the estimated useful lives of the assets. Amortization expense related to intangible assets for the years ended December 31, 2017, 2016 and 2015 was $36.9 million, $43.1 million and $28.3 million, respectively.

The Company recognized impairment charges to its intangible assets of $1.0 million, $11.1 million, and $0.0 million for the years ended December 31, 2017, 2016 and 2015, respectively. The Company includes these impairments within depreciation and amortization in its Consolidated Statements of Operations. The impairments were primarily attributed to continued financial losses, delays in product sales and product development and ultimately, the agreement to terminate SNCR, LLC in 2017.

The Company's intangible assets consist of the following:

	December 31, 2017		
	Cost	Accumulated Amortization	Net
Technology	$ 124,799	$ (70,608)	$ 54,191
Customer lists and relationships	128,170	(62,905)	65,265
Capitalized software and patents	19,792	(7,115)	12,677
Trade name	2,559	(2,525)	34
	$ 275,320	$ (143,153)	$ 132,167

	December 31, 2016 (Restated)		
	Cost	Accumulated Amortization	Net
Technology	$ 129,382	$ (53,142)	$ 76,240
Customer lists and relationships	129,650	(49,852)	79,798
Capitalized software and patents	10,589	(3,923)	6,666
Trade name	2,523	(2,259)	264
	$ 272,144	$ (109,176)	$ 162,968

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Estimated future amortization expense of its intangible assets for the next five years is as follows:

Year ending December 31,		
2018	$	39,218
2019		31,993
2020		20,561
2021		12,157
2022		10,601
Thereafter		17,637
Total		132,167

9. Accrued Expenses

Accrued expenses consist of the following:

	December 31,			
	2017		**2016**	
			(Restated)	
Accrued compensation and benefits	$	22,679	$	33,771
Accrued accounting fees		19,822		3,154
Accrued consulting fees		6,200		13,951
Accrued legal fees		5,513		3,172
Accrued telecommunications		3,028		2,628
Accrued income taxes payable		2,810		4,643
Accrued other		12,687		15,563
	$	72,739	$	76,882

10. Commitments, Contingencies and Other

Lease and Purchase Obligations

The Company leases office space, automobiles, office equipment and co-location services under non-cancelable capital leases, operating leases or long-term agreements that expire at various dates, with the latest expiration in 2029. The Company recognizes rent expense on a straight-line basis over the non-cancelable lease term and records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability. Where leases contain escalation clauses, rent abatements, and/or concessions, such as rent holidays and landlord or tenant incentives or allowances, the Company applies them as straight-line rent expense over the lease term.

Aggregate annual future minimum payments under these non-cancelable agreements are as follows:

Year ending December 31,	**Colocation**		**Operating Leases**		**Capital Leases**	
2018	$	7,888	$	9,743	$	2,465
2019		5,373		10,103		2,383
2020		3,614		9,893		1,964
2021		—		9,149		1,282
2022 and thereafter		—		46,451		7,155
	$	16,875	$	85,339	$	15,249

Rent expense for the years ended December 31, 2017, 2016 and 2015 was $10.6 million, $8.5 million and $7.6 million respectively.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Guarantee

As part of its divestiture of Sequential in 2016, the Company provided a guarantee to Goldman for $30.0 million of the $40.0 million in senior debt extended by Goldman to STIH which is referenced as the Third Party Note in *Note 6 - Investments*. At March 31, 2017, STIH missed its minimum earnings before interest, tax, depreciation and amortization (“EBITDA”) target under the Goldman loan. As a result, of STIH’s covenant violation, in June 2017, the Company distributed approximately $6.2 million to Goldman as previously defined, the Distribution Note. The remaining amounts guaranteed under the arrangement were released upon assignment of certain customer contracts. Under the terms of the PIK note with STIH, distributed amounts made by the Company to Goldman are added to the amounts outstanding under the PIK note. As of December 31, 2017, the Company has no further obligations to guarantee the debt outstanding to Goldman.

11. Debt

Total debt consists of the following:

	December 31, 2017	December 31, 2016
Convertible Senior Notes	$ 230,000	$ 230,000
Amended Credit Agreement	—	29,000
Total debt, principal amount	230,000	259,000
Debt issuance costs	(2,296)	(3,709)
Total debt, carrying value	$ 227,704	$ 255,291
Total short term debt, carrying value	$ —	$ 29,000
Total long-term debt, carrying value	$ 227,704	$ 226,291

Convertible Senior Notes

On August 12, 2014, the Company issued $230.0 million aggregate principal amount of its 0.75% Convertible Senior Notes due in 2019 (the “2019 Notes”). The 2019 Notes mature on August 15, 2019, and bear interest at a rate of 0.75% per annum payable semi-annually in arrears on February 15 and August 15 of each year. The Company accounted for the $230.0 million face value of the debt as a liability and capitalized approximately $7.1 million of financing fees, related to the issuance which are presented net of the face value of the 2019 Notes on the Consolidated Balance Sheets.

The 2019 Notes are senior, unsecured obligations of the Company, and are convertible into shares of its common stock based on a conversion rate of 18.8072 shares per $1,000 principal amount of 2019 Notes which is equivalent to an initial conversion price of approximately $53.17 per share. The Company will satisfy any conversion of the 2019 Notes with shares of the Company’s common stock. The 2019 Notes are convertible at the note holders’ option prior to their maturity and if specified corporate transactions occur. The issue price of the 2019 Notes was equal to their face amount.

Holders of the 2019 Notes who convert their notes in connection with a qualifying fundamental change, as defined in the related indenture, may be entitled to a make-whole premium in the form of an increase in the conversion rate. Additionally, following the occurrence of a fundamental change, holders may require that the Company repurchase some or all of the 2019 Notes for cash at a repurchase price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest, if any. As of December 31, 2017, none of these conditions existed with respect to the 2019 Notes and as a result, the 2019 Notes are classified as long term.

A fundamental change occurs when, among other things, the Company’s the Company’s common stock ceases to be listed or quoted on The Nasdaq Stock Market, LLC (“Nasdaq”). In May 2018, trading of the Company’s common stock has been suspended on Nasdaq, however, it has not been delisted (see *Note 21 - Subsequent Events Review*).

The 2019 Notes are the Company’s direct senior unsecured obligations and rank equal in right of payment to all of the Company’s existing and future unsecured and unsubordinated indebtedness.

SYNCHRONOSS TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts in tables in thousands, except for per share data or unless otherwise noted)

At December 31, 2017, the carrying amount of the liability was $227.7 million and the outstanding principal of the 2019 Notes was $230.0 million, with an effective interest rate of approximately 1.38%. The fair value of the 2019 Notes was $218.5 million at December 31, 2017. The fair value of the liability of the 2019 Notes was determined using a discounted cash flow model based on current market interest rates available to the Company. These inputs are corroborated by observable market data for similar liabilities and therefore classified within Level 2 of the fair-value hierarchy.

The Company is required to meet all SEC filing requirements and deadlines in order to be in compliance with the 2019 Notes. In the event that the Company does not meet the filing requirements, the noteholders are entitled to receive additional interest of 0.25% up to 180 days from the date of the notice of default and 0.50% thereafter up to 360 days. The Company may agree to pay additional interest to the holders by notifying holders and the trustee within 90 days from the notice of default. If the Company decides to pay that interest, but has not remedied the event within 360 days from the notice of default, it was in default. If the Company fails to elect to pay that additional interest, it will be in default if it does not remedy the event within the 90 days period.

The Company received a notice of default from holders of more than 25% of the outstanding principal amount of the 2019 Notes on October 13, 2017. Based on the terms of the 2019 Notes, the Company will be obligated to begin paying additional interest starting January 11, 2018 (the 90th day following the Company's receipt of the notice of default). The Company is required to record a derivative related to this contingent interest as a liability and expense in its financial statements. At December 31, 2017, the Company recorded a contingent interest derivative liability within accrued expenses and corresponding interest expense of approximately $0.2 million.

Interest expense for the Company's 2019 Notes related to the contractual interest coupon and contingent interest liability is noted below.

	Year ended December 31,		
	2017	2016	2015
Contractual interest expense	$ 1,725	$ 1,725	$ 1,725
Contingent interest expense	193	—	—
Total	$ 1,918	$ 1,725	$ 1,725

2017 Credit Agreement

On January 19, 2017, the Company entered into a new credit agreement with the lending institutions from time to time parties thereto and Goldman Sachs as administrative agent, collateral agent, swingline lender and a letter of credit issuer (as amended from time to time, the "2017 Credit Agreement") which was comprised of a $900.0 million term credit facility with a maturity date of January 19, 2024 (the "2017 Term Facility") and a revolving credit facility of up to $200.0 million (the "Revolving Facility") with a maturity date of January 19, 2022. Obligations under the 2017 Credit Agreement were guaranteed by certain of the Company's subsidiaries and secured by substantially all of the Company's and its subsidiaries' assets.

The 2017 Term Facility amortized at 1% per annum in equal quarterly installments with the balance payable on the maturity date. The Revolving Facility included borrowing capacity available for letters of credit and for borrowings on same-day notice under swingline loans and borrowing thereunder could be used for working capital needs and other general corporate purposes.

The 2017 Term Facility initially bear an interest at a rate equal to, at the Company's option, the adjusted LIBOR rate for an applicable interest period or an alternate base rate, in each case, plus an applicable margin of 2.75% or 1.75%, respectively. The Revolving Facility initially bear an interest at a rate equal to, at the Company's option, the adjusted LIBOR rate or an alternate base rate, in each case, plus an applicable margin of 2.50% or 1.50%, respectively, subject to step-downs based on the Company's ratio of first lien secured debt to adjusted EBITDA, as defined in the 2017 Credit Agreement. The Company paid a commitment fee in the range of 0.25% to 0.375% on the unused balance of the Revolving Facility. Interest was payable quarterly under the 2017 Credit Agreement.

Subject to certain customary exceptions, the 2017 Term Facility was subject to mandatory prepayments in amounts equal to: (1) 100% of the net cash proceeds from any non-ordinary course sale or other disposition of assets (including as a result of casualty or condemnation) by Synchronoss or its subsidiaries subject to customary reinvestment provisions and certain other exceptions; (2) 100% of the net cash proceeds from incurrences of debt (other than permitted debt); and (3) a customary annual excess cash flow sweep at levels based on the Company's applicable ratio of first lien secured debt to adjusted EBITDA, as defined in the 2017 Credit Agreement.

The 2017 Credit Agreement contained a number of customary affirmative and negative covenants and events of default, which, among other things, restricted the Synchronoss' and its subsidiaries' ability to incur debt, allow liens on assets, make investments, pay dividends or prepay certain other debt. The 2017 Credit Agreement also required Synchronoss to comply with certain financial maintenance covenants, including a total gross leverage ratio and an interest charge coverage ratio.

Certain of the lenders under the 2017 Credit Agreement, or their affiliates, provided, and may in the future from time to time provide, certain commercial and investment banking, financial advisory and other services in the ordinary course of business for the registrant and its affiliates, for which they have in the past and may in the future receive customary fees and commissions.

As a result of the Company's restatement, it was unable to comply with covenants requiring the timely delivery of audited financial statements and interim financial information. The Company obtained waivers to extend the dates by which the Company was required to deliver such financial information to June 30, 2017.

Waiver Agreement to 2017 Credit Agreement

On June 30, 2017, the Company, the Lenders and the Administrative Agent entered into a Limited Waiver to Credit Agreement (the "Waiver Agreement") pursuant to which the Lenders agreed, subject to the limitations contained in the Waiver Agreement, to temporarily waive (the "Limited Waiver") the anticipated event of default (the "Anticipated Event of Default") resulting from the Company's failure to deliver its first quarter 2017 financial statements, together with related items required under the 2017 Credit Agreement on or prior to June 30, 2017. In the absence of the Limited Waiver, after the occurrence of the Anticipated Event of Default the Lenders would be permitted to exercise their rights and remedies available to them under the 2017 Credit Facility with respect to an event of default. The Limited Waiver was designed to give the Company and the Lenders additional time to negotiate in good faith and document certain amendments to the 2017 Credit Facility.

As consideration for the Limited Waiver, the Company agreed to pay a consent fee to each Lender who consented to the Waiver Agreement in an amount equal to 0.15% of the aggregate principal amount of such consenting Lender's revolving credit commitments and term loans outstanding under the 2017 Credit Agreement, which amount was credited against any consent fee that was required to be paid in connection with any subsequent waiver of the Anticipated Event of Default or related amendment of the 2017 Credit Agreement. In addition, the Company paid the reasonable fees and expenses of counsel and other costs and expenses requested by the Administrative Agent on behalf of the Lenders and certain other fees as set forth in the Waiver Agreement.

First Amendment to 2017 Credit Agreement

On July 19, 2017, the Company entered into a first amendment and limited waiver to the 2017 Credit Agreement (the "First Amendment"). Pursuant to the First Amendment, the lenders and administrative agent agreed to extend the time period for delivery by the Company of its quarterly financial statements for the quarters ended March 31, 2017 and June 30, 2017 (the "2017 Quarterly Financial Statements") and to waive the default and event of default arising from the Company's failure to deliver the 2017 Quarterly Financial Statements within the timeframe originally required by the 2017 Credit Agreement (or, at the Company's election, November 16, 2017, if prior to October 17, 2017 the Company pays a fee to the Lenders equal to 25 basis points on the aggregate principal amount of revolving commitments and terms loans outstanding).

The First Amendment effected various other changes to the terms of the Credit Agreement, including reducing revolving credit commitments from $200.0 million to $100.0 million (with a sub-limit on usage of $50.0 million until the earliest date by which the Company has delivered the 2017 Quarterly Financial Statements, the restated financial statements for the fiscal years ended December 31, 2016 and 2015 (and the respective quarterly periods) and certain information with respect to disclosing and remedying any material weaknesses in the Company's internal control structure related to financial reporting.)

Under the First Amendment, the Company was required to maintain a first lien secured net leverage ratio of no more than (x) 5.50 to 1 for any period ending from September 30, 2017 through March 31, 2019; (y) 5.00 to 1 for any period ending June 30, 2019 through December 31, 2019; and (z) 4.25 to 1 for any period ending March 31, 2020 and thereafter. The Company was also required to maintain a minimum interest coverage ratio of no less than 2.00 to 1.

Until the earlier of (A) the later of (i) December 15, 2017 and (ii) in the event that, prior to December 15, 2017, the Company has publicly announced a strategic transaction, or merger, business combination, acquisition or divestiture that would result in a change of control or a requirement to prepay the loans and terminate commitments under the Amended Credit Agreement, the date on which such transaction is consummated or abandoned (the "Initial Period End Date") and (B) June 15, 2018, term loans under the Amended Credit Agreement bear interest at a rate equal to, at the Company's option, the adjusted LIBOR rate for an applicable interest period or an alternate base rate (subject to a floor of 1.00% and 2.00%, respectively), in each case, plus an applicable margin of 4.50% or 3.50%, respectively. Thereafter, the applicable margins increase to 5.75% and 4.75%, respectively, if the Company's first lien secured net leverage ratio is less than or equal to 5.00 to 1, and to 6.75% and 5.75%, respectively, if the Company's first lien secured net leverage ratio is greater than 5.00 to 1. The foregoing applicable margins are subject to a retroactive increase of 0.25% each if the Restated Financial Statements show an amount of net revenue for any fiscal year ended December 31, 2015, December 31, 2016 and, if applicable, December 31, 2014 that varies by greater than 15% of the net revenue set forth on Consolidated Balance Sheets and related Consolidated Statements of Operations of the Company for such fiscal year that had originally been filed with the Securities and Exchange Commission.

Until the Initial Period End Date, revolving loans under the Amended Credit Agreement bear interest at a rate equal to, at Company's option, the adjusted LIBOR rate or an alternate base rate (subject to a floor of 1.00% and 2.00%, respectively), in each case, plus an applicable margin of 4.50% or 3.50%, respectively. Thereafter, the applicable margins will be subject to step-downs based on the Company's first lien secured net leverage ratio.

Until the Initial Period End Date, term loans under the Amended Credit Agreement are subject to a prepayment premium of 1.00% solely if prepaid with proceeds of a repricing transaction. Thereafter, the term loans will be subject to (x) a 2.00% prepayment premium for any voluntary prepayments (including upon a change of control) made through the one-year anniversary of the Initial Period End Date and (y) a 1.00% prepayment premium for any voluntary prepayments (including upon a change of control) made after the one-year anniversary of the Initial Period End Date and prior to the second anniversary thereof.

The Amendment also effected various other changes to the baskets and exceptions under the negative covenants of the Credit Agreement.

The Company's effective interest rate on the term loans was approximately 4.08% prior to the First Amendment and ranged from 5.74% to 5.76% from July 19, 2017 through November 2017. During 2017, the Company paid approximately $16.8 million in fees related to obtaining waivers, amendments, and consents in relation to the 2017 Credit Agreement as a result of the delay in the delivery of the 2017 Quarterly Financial Statements. These costs were recognized within the Interest expense line of the Consolidated Statements of Operations until the debt was repaid in the fourth quarter of 2017. The remaining balance was recognized within the Extinguishment of debt line item of the Consolidated Statements of Operations.

Repayment of 2017 Credit Agreement

In connection with the consummation of the Intralinks divestiture (See *Note 4 - Acquisitions and Divestitures*), the Company utilized a portion of the proceeds from the Intralinks divestiture to repay all outstanding obligations under the 2017 Credit Agreement. In connection therewith, the Company delivered all notices and took all other actions to facilitate and cause the termination of the 2017 Credit Agreement, the repayment in full of all obligations then outstanding thereunder and the release of any security interests in connection therewith, effective as of November 14, 2017. The aggregate payoff amount was approximately $897.5 million and included all accrued interest, fees and prepayment penalties associated therewith. The Company incurred approximately $29.4 million of a loss on the extinguishment of the 2017 Credit Agreement for the year ended December 31, 2017.

Amended Credit Facility

On July 7, 2016, the Company entered into an Amended Credit Facility with Wells Fargo Bank, National Association, as administrative agent and several lenders party thereto (the "Amended Credit Facility"). The Amended Credit Facility, was permitted to be used for general corporate purposes, was a $250.0 million unsecured revolving line of credit that was set to mature on July 7, 2021, subject to terms and conditions set forth therein. The Company paid a commitment fee in the range of 15 to 30 basis points on the unused balance of the revolving credit facility under the Amended Credit Facility. Synchronoss had the right to request an increase in the aggregate principal amount of the Amended Credit Facility up to $350.0 million. Interest on the borrowings ranged from 1.94% to 2.03%.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

On January 19, 2017, the Company repaid all outstanding obligations under the Amended Credit Facility with Wells Fargo Bank and the several lenders party thereto. The aggregate payoff amount was $29.0 million and included all accrued interest and associated prepayment penalties.

Interest expense and commitment fees under the 2017 Credit Agreement and the Amended Credit Facility were as follows:

	Year ended December 31,		
	2017	2016	2015
Commitment fees	$ 519	$ 415	$ 332
Interest expense	35,351	877	—

2013 Credit Facility

In September 2013, the Company entered into a Credit Facility (the "Credit Facility") with JP Morgan Chase Bank, N.A., as the administrative agent, Wells Fargo Bank, National Association, as the syndication agent and Capital One, National Association and KeyBank National Association, as co-documentation agents. The Credit Facility, which was used for general corporate purposes, was a $100.0 million unsecured revolving line of credit that was set to mature on September 27, 2018. The Company paid a commitment fee in the range of 25 to 35 basis points on the unused balance of the revolving credit facility under this credit agreement. Synchronoss had the right to request an increase in the aggregate principal amount of the Credit Facility up to $150.0 million. Interest on the borrowing was based upon LIBOR plus a 2.25 basis point margin. All outstanding balances under the Credit Facility were repaid on July 7, 2016 and the 2013 Credit Facility was terminated and replaced with the Amended Credit Facility.

12. Accumulated Other Comprehensive (Loss)/Income

The changes in accumulated other comprehensive income (loss) during the year ended December 31, 2017, are as follows:

	Foreign Currency	Unrealized (Loss) Income on Intra-Entity Foreign Currency Transactions	Unrealized Holding Gains (Losses) on Available-for-Sale Securities	Total
Balance at December 31, 2016	$ (37,311)	$ (5,017)	$ (22)	$ (42,350)
Other comprehensive income (loss)	17,027	3,322	28	20,377
Tax effect	—	(1,390)	(10)	(1,400)
Comprehensive income (loss)	17,027	1,932	18	18,977
Balance at December 31, 2017	$ (20,284)	$ (3,085)	$ (4)	$ (23,373)

The changes in accumulated other comprehensive income (loss) during the year ended December 31, 2016, are as follows:

(Restated)	Foreign Currency	Unrealized (Loss) Income on Intra-Entity Foreign Currency Transactions	Unrealized Holding Gains (Losses) on Available-for-Sale Securities	Total
Balance at December 31, 2015	$ (33,197)	$ (4,292)	$ (25)	$ (37,514)
Other comprehensive income (loss)	(4,114)	(789)	5	(4,898)
Tax effect	—	64	(2)	62
Total comprehensive income (loss)	(4,114)	(725)	3	(4,836)
Balance at December 31, 2016	$ (37,311)	$ (5,017)	$ (22)	$ (42,350)

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The changes in accumulated other comprehensive income (loss) during the year ended December 31, 2015, are as follows:

(Restated)	Foreign Currency	Unrealized (Loss) Income on Intra-Entity Foreign Currency Transactions	Unrealized Holding Gains (Losses) on Available-for-Sale Securities	Total
Balance at December 31, 2014	$ (15,492)	$ (2,957)	$ (5)	$ (18,454)
Other comprehensive income (loss)	(17,705)	(2,722)	(30)	(20,457)
Tax effect	—	1,387	10	1,397
Total comprehensive income (loss)	(17,705)	(1,335)	(20)	(19,060)
Balance at December 31, 2015	$ (33,197)	$ (4,292)	$ (25)	$ (37,514)

13. Capital Structure

As of December 31, 2017, the Company's authorized capital stock was 110 million shares of stock with a par value of 0.0001, of which 100 million shares were designated as common stock and 10 million shares were designated as preferred stock.

Common Stock

Each holder of common stock is entitled to vote on all matters and is entitled to one vote for each share held. Dividends on common stock will be paid when, and if, declared by the Company's Board of Directors. No dividends have ever been declared or paid by the Company.

Treasury Stock

On February 4, 2016, the Company announced that the Board of Directors approved a share repurchase program under which the Company may repurchase up to $100.0 million of its outstanding common stock for 12 to 18 months following the announcement. In 2016, the Company repurchased approximately 1.3 million shares of the Company's common stock under this program for an aggregate repurchase price of $40.0 million. There were no repurchases in 2017.

Preferred Stock

There are no shares of preferred stock outstanding as of December 31, 2017 or 2016. The Board of Directors is authorized to issue preferred shares and has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of preferred stock. Please see the subsequent event below regarding shares of preferred stock in 2018.

Registration Rights

Holders of shares of common stock which were issued upon conversion of the Company's Series A preferred stock are entitled to have their shares registered under the Securities Act of 1933, as amended (the "Securities Act"). Under the terms of an agreement between the Company and the holders of these securities which include registration rights, if the Company proposes to register any of its securities under the Securities Act, either for its own account or for the account of others, these stockholders are entitled to notice of such registration and are entitled to include their shares in such registration.

Share Purchase Agreement

As of October 16, 2017, investment funds affiliated with Siris owned 5,994,667 shares (the "Existing Siris Shares") of Synchronoss' common stock, par value $0.0001 per share (the "Common Stock") as of such date .

On October 17, 2017, the Company announced the entry into definitive agreements for the sale of Intralinks and the right to purchase a newly created series of preferred stock of Synchronoss to affiliates of Siris.

Subject to the terms and conditions set forth in the PIPE Purchase Agreement, between Synchronoss and Silver, Synchronoss agreed to issue an option to sell to Silver 185,000 shares of Series A Preferred Stock in the Preferred Transaction. Prior to or contemporaneously with the consummation of the Preferred Transaction, Synchronoss agreed to file the Series A Certificate and enter into the Investor Rights Agreement with Silver setting forth certain registration, governance and preemptive rights of Silver with respect to Synchronoss discussed below.

Subsequent Event - Shares of Preferred Stock

In accordance with the terms of the PIPE Purchase Agreement with Silver, on February 15, 2018 the Company exercised its option to complete the Preferred Transaction. In connection with the issuance of the Series A Preferred Stock, the Company (i) filed the Series A Certificate and (ii) entered into the Investor Rights Agreement. Pursuant to the PIPE Purchase Agreement, at the closing, the Company paid to Siris $5.0 million as a reimbursement of Silver's reasonable costs and expenses incurred in connection with the Preferred Transaction.

Certificate of Designation of the Series A Preferred Stock

The rights, preferences, privileges, qualifications, restrictions and limitations of the shares of Series A Preferred Stock are set forth in the Series A Certificate. Under the Series A Certificate, the holders of the Series A Preferred Stock are entitled to receive, on each share of Series A Preferred Stock on a quarterly basis, an amount equal to the dividend rate of 14.5% divided by four and multiplied by the then-applicable Liquidation Preference (as defined in the Series A Certificate) per share of Series A Preferred Stock (collectively, the "Preferred Dividends"). The Preferred Dividends are due on January 1, April 1, July 1 and October 1 of each year (each, a "Series A Dividend Payment Date"). The Company may choose to pay the Preferred Dividends in cash or in additional shares of Series A Preferred Stock. In the event the Company does not declare and pay a dividend in-kind or in cash on any Series A Dividend Payment Date, the unpaid amount of the Preferred Dividend will be added to the Liquidation Preference. In addition, the Series A Preferred Stock participates in dividends declared and paid on shares of the Company's common stock.

Each share of Series A Preferred Stock is convertible, at the option of the holder, into the number of shares of common stock equal to the "Conversion Price" (as that term is defined in the Series A Certificate) multiplied by the then applicable "Conversion Rate" (as that term is defined in the Series A Certificate). Each share of Series A Preferred Stock is initially convertible into 55.5556 shares of common stock, representing an initial "conversion price" of approximately $18.00 per share of common stock. The Conversion Rate is subject to equitable proportionate adjustment in the event of stock splits, recapitalizations and other events set forth in the Series A Certificate.

On and after the fifth anniversary of February 15, 2018, holders of shares of Series A Preferred Stock have the right to cause the Company to redeem each share of Series A Preferred Stock for cash in an amount equal to the sum of the current liquidation preference and any accrued dividends. Each share of Series A Preferred Stock is also redeemable at the option of the holder upon the occurrence of a "Fundamental Change" (as that term is defined in the Series A Certificate) at a specified premium. In addition, the Company is also permitted to redeem all outstanding shares of the Series A Preferred Stock at any time (i) within the first 30 months of the date of issuance for the sum of the then-applicable Liquidation Preference, accrued but unpaid dividends and a make whole amount and (ii) following the 30-month anniversary of the date of issuance for the sum of the then-applicable Liquidation Preference and the accrued but unpaid dividends.

The holders of a majority of the Series A Preferred Stock, voting separately as a class, are entitled at each of the Company's annual meetings of stockholders or at any special meeting called for the purpose of electing directors (or by written consent signed by the holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting): (i) to nominate and elect two members of the Company's Board of Directors for so long as the Preferred Percentage (as defined in the Series A Certificate) is equal to or greater than 10%; and (ii) to nominate and elect one member of the Company's Board of Directors for so long as the Preferred Percentage is equal to or greater than 5% but less than 10%.

For so long as the holders of shares of Series A Preferred Stock have the right to nominate at least one director, the Company is required to obtain the prior approval of Silver prior to taking certain actions, including: (i) certain dividends, repayments and redemptions; (ii) any amendment to the Company's certificate of incorporation that adversely effects the rights, preferences, privileges or voting powers of the Series A Preferred Stock; (iii) issuances of stock ranking senior or equivalent to shares of Series A Preferred Stock (including additional shares of Series A Preferred Stock) in the priority of payment of dividends or in the distribution of assets upon any liquidation, dissolution or winding up of us; (iv) changes in the size of the Company's Board of Directors; (v) any amendment, alteration, modification or repeal of the charter of the Company's Nominating and Corporate

Governance Committee of the Board of Directors and related documents; and (vi) any change in the Company's principal business or the entry into any line of business outside of the Company's existing lines of businesses. In addition, in the event that the Company is in EBITDA Non-Compliance (as defined in the Series A Certificate) or the undertaking of certain actions would result in the Company exceeding a specified pro forma leverage ratio, then the prior approval of Silver would be required to incur indebtedness (or alter any debt document) in excess of $10.0 million, enter or consummate any transaction where the fair market value exceeds $5.0 million individually or $10.0 million in the aggregate in a fiscal year or authorize or commit to capital expenditures in excess of $25.0 million in a fiscal year.

Each holder of Series A Preferred Stock has one vote per share on any matter on which holders of Series A Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent. The holders of Series A Preferred Stock are permitted to take any action or consent to any action with respect to such rights without a meeting by delivering a consent in writing or electronic transmission of the holders of the Series A Preferred Stock entitled to cast not less than the minimum number of votes that would be necessary to authorize, take or consent to such action at a meeting of stockholders. In addition to any vote (or action taken by written consent) of the holders of the shares of Series A Preferred Stock as a separate class provided for in the Series A Certificate or by the General Corporation Law of the State of Delaware, the holders of shares of the Series A Preferred Stock are entitled to vote with the holders of shares of common stock (and any other class or series that may similarly be entitled to vote on an as-converted basis with the holders of common stock) on all matters submitted to a vote or to the consent of the stockholders of the Company (including the election of directors) as one class.

Under the Series A Certificate, if Silver and certain of its affiliates have elected to effect a conversion of some or all of their shares of Series A Preferred Stock and if the sum, without duplication, of (i) the aggregate number of shares of the Company's common stock issued to such holders upon such conversion and any shares of the Company's common stock previously issued to such holders upon conversion of Series A Preferred Stock and then held by such holders, plus (ii) the number of shares of the Company's common stock underlying shares of Series A Preferred Stock that would be held at such time by such holders (after giving effect to such conversion), would exceed the 19.9% of the issued and outstanding shares of the Company's voting stock on an as converted basis (the "Conversion Cap"), then such holders would only be entitled to convert such number of shares as would result in the sum of clauses (i) and (ii) (after giving effect to such conversion) being equal to the Conversion Cap (after giving effect to any such limitation on conversion). Any shares of Series A Preferred Stock which a holder has elected to convert but which, by reason of the previous sentence, are not so converted, will be treated as if the holder had not made such election to convert and such shares of Series A Preferred Stock will remain outstanding. Also, under the Series A Certificate, if the sum, without duplication, of (i) the aggregate voting power of the shares previously issued to Silver and certain of its affiliates held by such holders at the record date, plus (ii) the aggregate voting power of the shares of Series A Preferred Stock held by such holders as of such record date, would exceed 19.99% of the total voting power of the Company's outstanding voting stock at such record date, then, with respect to such shares, Silver and certain of its affiliates are only entitled to cast a number of votes equal to 19.99% of such total voting power. The limitation on conversion and voting ceases to apply upon receipt of the requisite approval of holders of the Company's common stock under the applicable listing standards.

Form of Investor Rights Agreement

Concurrently with the closing of the Preferred Transaction, Synchronoss and Silver entered into an Investor Rights Agreement. Under the terms of the Investor Rights Agreement, Silver and Synchronoss have agreed that, effective as of the closing of the Preferred Transaction, the Board of Directors of Synchronoss will consist of ten members. From and after the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate a member to the Board of Directors pursuant to the Series A Certificate, the Board of Directors of Synchronoss will consist of (i) two directors nominated and elected by the holders of shares of Series A Preferred Stock; (ii) four directors who meet the independence criteria set forth in the applicable listing standards (each of whom will be initially agreed upon by Synchronoss and Silver); and (iii) four other directors, two of whom shall satisfy the independence criteria of the applicable listing standards and, as of the closing of the Preferred Transaction, one of whom shall be the individual then serving as chief executive officer of Synchronoss and one of whom shall be the current chairman of the Board of Directors of Synchronoss as of the date of execution of the Investors Rights Agreement. Following the closing of the Preferred Transaction, so long as the holders of Series A Preferred Stock have the right to nominate at least one director to the Board of Directors of Synchronoss pursuant to the Series A Certificate, Silver will have the right to designate two members of the Nominating and Corporate Governance Committee of the Board of Directors.

Pursuant to the terms of the Investor Rights Agreement, neither Silver nor its affiliates may transfer any shares of Series A Preferred Stock subject to certain exceptions (including transfers to affiliates that agree to be bound by the terms of the Investor Rights Agreement).

For so long as Silver has the right to appoint a director to the Board of Directors of Synchronoss, without the prior approval by a majority of directors voting who are not appointed by the holders of shares of Series A Preferred Stock, neither Silver nor its affiliates will directly or indirectly purchase or acquire any debt or equity securities of Synchronoss (including equity-linked derivative securities) if such purchase or acquisition would result in Silver's Standstill Percentage (as defined in the Investor Rights Agreement) being in excess of 30%. However, the foregoing standstill restrictions would not prohibit the purchase of shares pursuant to the PIPE Purchase Agreement or the receipt of shares of Series A Preferred Stock issued as Preferred Dividends pursuant to the Series A Certificate, shares of Common Stock received upon conversion of shares of Series A Preferred Stock or receipt of any shares of Series A Preferred Stock, Common Stock or other securities of the Company otherwise paid as dividends or as an increase of the Liquidation Preference (as defined in the Series A Certificate) or distributions thereon. Silver will also have preemptive rights with respect to issuances of securities of Synchronoss in order to maintain its ownership percentage.

Under the terms of the Investor Rights Agreement, Silver will be entitled to (i) three demand registrations, with no more than two demand registrations in any single calendar year and provided that each demand registration must include at least 10% of the shares of Common Stock held by Silver, including shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock and (ii) unlimited piggyback registration rights with respect to primary issuances and all other issuances.

Subsequent Events* - *Common Stock

On May 11, 2018, the Company received a notification letter from the Nasdaq indicating that trading in the Company's common stock was suspended effective at the open of business on May 14, 2018. The Nasdaq Hearings Panel (the "Panel") also determined to delist the Company's shares from Nasdaq after applicable appeal periods have lapsed. The Company has appealed the decision to the Nasdaq Listing and Hearing Review Council. During the appeal process, the Company's stock remains listed however trading in the Company's common stock on Nasdaq remains suspended. While the Company's common stock is suspended from trading on Nasdaq, the Company's shares are currently quoted on the OTC Markets under the trading symbol SNCR.

14. Stock Plans

In March 2015, the Company adopted the 2015 Equity Incentive Plan (the "2015 Plan"). The 2015 Plan replaces the Company's prior 2000 Equity Incentive Plan (the "2000 Plan") and the 2006 Equity Incentive Plan (the "2006 Plan") (collectively, the "Plans"). Beginning March 2015, all awards were granted under the 2015 Plan. In addition, any awards that were previously granted under any prior Plans that terminate without issuance of shares, shall be eligible for issuance under the 2015 Plan.

Under the 2015 Plan, the Company may grant to its employees, outside directors and consultants awards in the form of non-qualified stock options, shares of restricted stock, stock units, or stock appreciation rights and performance shares. The Company's Board of Directors administers the Plan and is responsible for determining the individuals to be granted options or shares, the number of options or shares each individual will receive, the price per share and the exercise period of each option. As of December 31, 2017, there were 2.0 million shares available for grant or award under the Company's 2015 Plan.

During 2017, the Company's Board of Directors approved the issuance of market-based restricted stock to certain executives which are eligible to vest if the volume-weighted average closing price over 20 consecutive trading days equals or exceeds certain stock prices during the specific performance period from July 2017 to July 2019. The Company utilized the Monte Carlo simulation to estimate the fair value of the restricted stock on its grant date.

In connection with the appointment a new Chief Executive Officer in November 2017, the Company entered into an employment agreement which provided for the grant of restricted stock awards, stock options and performance stock awards. These awards were approved by the Compensation Committee of Synchronoss' Board of Directors and granted as an inducement equity award outside the 2015 Plan in accordance with the Nasdaq Listing Rule 5635(c)(4) (the "Inducement Rule").

On December 15, 2017, the Compensation Committee adopted the 2017 New Hire Equity Incentive Plan ("2017 New Hire Plan"), which is intended to be exempt from the stockholder approval requirements under the "inducement grant exception" provided by the Inducement Rule. The Committee authorized the issuance of up to 1.5 million Common Shares to new hires, with the purpose of promoting the long-term success of the Company and the creation of stockholder value by (a) providing for the attraction and retention of new employees with exceptional qualifications, (b) encouraging new employees to focus on critical long-range objectives, and (c) linking new employees directly to stockholder interests through increased stock ownership. As required by the Inducement Rule, the Company issues a press release promptly upon issuing shares to new employees pursuant to the 2017 New Hire Plan. As of December 31, 2017, all of the 1.5 million shares of common stock available for issuance under the 2017 New Hire Plan.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Stock-Based Compensation

The following table summarizes stock-based compensation expense related to all of the Company's stock awards included in operating expense categories as follows:

	December 31,		
	2017	2016	2015
		(Restated)	(Restated)
Cost of revenues	$ 4,602	$ 7,310	$ 6,922
Research and development	6,030	8,891	7,461
Selling, general and administrative	11,863	17,977	17,021
Total stock-based compensation	$ 22,495	$ 34,178	$ 31,404

The following table summarizes stock-based compensation expense:

	December 31,		
	2017	2016	2015
		(Restated)	(Restated)
Stock options	$ 6,311	$ 7,778	$ 8,495
Restricted stock awards	15,802	25,583	22,285
ESPP Plan	382	817	624
Total stock-based compensation before taxes	$ 22,495	$ 34,178	$ 31,404
Tax benefit	$ 3,921	$ 11,108	$ 10,130

The total stock-based compensation cost related to unvested equity awards as of December 31, 2017 was approximately $54.2 million. The expense is expected to be recognized over a weighted-average period of approximately 2.50 years.

As part of the work force reduction driven by corporate restructuring initiated in 2016, the Company terminated certain employees in 2017 and accelerated the vesting of certain unvested restricted stock awards and stock options for these employees. The Company accounted for the acceleration of these awards as a result of the restructuring termination as a Type III modification under ASC Topic 718 and recorded a one-time expense of $1.1 million.

In July 2017, the Company modified the terms of performance-based restricted stock awards granted to certain employees in 2015 and 2016 to modify the performance period as the performance targets for 2017 established previously were not considered probable due to the changes in the business driven by significant acquisitions and divestitures by the Company. The modification of the performance-based shares was considered a Type III modification under ASC Topic 718, and as a result, the Company reversed all previously recorded expense for these awards and recorded the new compensation expense over the new requisite service period as a result of the modification. The total incremental compensation expense resulting from these modifications was $2.0 million.

Replacement Awards

On January 19, 2017, certain equity awards granted under the Intralinks Holdings, Inc. 2010 Equity Incentive Plan and the Intralinks Holdings, Inc. 2007 Stock Option and Grant Plan (together, the "Intralinks Plans") were assumed by the Company's 2015 Equity Incentive Plan (the "2015 Plan"). The assumed awards are subject to the vesting and service conditions of the 2015 Plan. Subsequently, these were accelerated as part of the Intralinks Transaction.

Among the equity awards assumed were restricted stock units subject to market-based performance targets in order for them to vest. Vesting is subject to continued service requirements through the vesting date. The grant date fair value for such unvested restricted stock units was estimated using a Monte Carlo simulation that incorporates option-pricing inputs covering the period from the grant date through the end of the performance period. Stock-based compensation expense for such unvested restricted stock units is recognized on a straight-line basis over the vesting period, regardless of whether the market condition is satisfied. All of these awards were canceled during 2017 pursuant to termination of related employees.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Stock Options

Options that were granted under the Company's 2000, 2006 and 2015 Plans generally vest 25% on the first-year anniversary of the date of grant plus an additional 1/48th for each month of continuous service thereafter.

Options that were granted under the Company's 2010 Plan generally vest 50% on the second-year anniversary and an additional 1/48th for each month of continuous service thereafter.

Incentive options that were granted under the 2000 and 2006 Plans generally vest 25% on the first-year anniversary on the date of grant and an additional 1/48th for each month of continuous service thereafter.

The weighted-average assumptions used in the Black-Scholes option pricing model are as follows:

	December 31,		
	2017	2016	2015
Expected stock price volatility	57.0%	45.0%	47.0%
Risk-free interest rate	1.8%	1.2%	1.3%
Expected life of options (in years)	4.08	4.00	4.00
Expected dividend yield	—%	—%	—%
Weighted-average fair value (grant date) of the options	$ 6.30	$ 11.13	$ 15.88

The following table summarizes information about stock options outstanding:

Options	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2016 (restated)	2,306	$ 32.43		
Options Granted	2,891	$ 15.09		
Options Exercised	(104)	$ 11.34		
Options Cancelled	(1,143)	$ 12.93		
Outstanding at December 31, 2017	3,950	$ 21.54	5.34	$ —
Vested and exercisable at December 31, 2017	1,185	$ 32.35	3.26	$ —

The below table summarizes additional information related to stock options:

	December 31,		
	2017	2016	2015
Total intrinsic value for stock options exercised	$ 1,007	$ 8,953	$ 18,369

Awards of Restricted Stock and Performance Stock

Restricted stock awards ("Restricted Stock") granted under the Company's Plans generally vest 25% of the applicable shares on the first anniversary of the date of grant and thereafter an additional 1/16th for each three months of continuous service.

Performance stock awards granted under the Company's 2006 Plan generally vest with respect to one-third of the applicable shares on the date that the performance objectives under the performance stock awards are achieved and thereafter an additional one-third for each year of continuous service.

Generally, performance stock awards granted under the Company's 2015 Plan vest at the end of a three-year period based on service and achievement of certain performance objectives determined by the Company's Board of Directors.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

A summary of the Company's unvested restricted stock at December 31, 2017, and changes during the year ended December 31, 2017, is presented below:

Non-Vested Restricted Stock	Number of Awards	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2016 (restated)	1,645	$ 36.27
Granted	3,426	22.75
Vested	(946)	32.16
Forfeited	(2,061)	22.21
Non-vested at December 31, 2017	2,064	$ 22.75

Restricted stock awards are granted subject to other service conditions or service and performance conditions ("Performance-Based Awards"). Restricted stock and performance-based awards are measured at the closing stock price at the date of grant and are recognized straight line over the requisite service period. During 2017, the Company issued 43,413 shares of restricted stock related to the 2016 performance share objectives. In 2017, the Company issued 304,300 market awards.

Employee Stock Purchase Plan

On February 1, 2012, the Company established a 10 years Employee Stock Purchase Plan ("ESPP" or "the ESPP Plan") for certain eligible employees. The ESPP Plan is to be administered by the Company's Board of Directors. The total number of shares available for purchase under the ESPP Plan is 0.5 million shares of the Company's common stock. Employees participate over a six-month period through payroll withholdings and may purchase, at the end of the six-month period, the Company's common stock at the lower of 85% of the fair market value on the first day of the offering period or the fair market value on the purchase date. No participant will be granted a right to purchase common stock under the ESPP Plan if such participant would own more than 5% of the total combined voting power of the Company. In addition, no participant may purchase more than a thousand shares of common stock within any purchase period or with a value greater than $25 thousand in any calendar year. The plan was indefinitely suspended on July 27, 2017.

15. 401(k) Plan

The Company has a 401(k) plan (the "401(k) Plan") covering all eligible employees. The 401(k) Plan allows for a discretionary employer match. The Company incurred and expensed $2.9 million, $2.7 million, and $2.1 million for the years ended December 31, 2017, 2016 and 2015, respectively, in 401(k) Plan match contributions.

16. Restructuring Charges

In March 2016 and December 2016, the Company initiated a work-force reduction as part of a corporate restructuring, with reductions occurring across all levels and departments within the Company, primarily in an effort to reduce costs subsequent to an acquisition or divestiture. These measures were intended to reduce costs and to align the Company's resources with its key strategic priorities. The Company authorized additional work force reduction initiatives throughout 2017. As of December 31, 2017, there were $0.5 million of accrued restructuring charges on the Consolidated Balance Sheets. A summary of the Company's restructuring accrual at December 31, 2017, 2016, 2015 and changes during those years is presented below:

	Balance at December 31, 2016	Charges	Payments	Other Adjustments[1]	Balance at December 31, 2017
Employment termination costs	$ 1,181	$ 10,739	$ (11,404)	$ (42)	$ 474
Facilities consolidation	40	—	(16)	—	24
Total	$ 1,221	$ 10,739	$ (11,420)	$ (42)	$ 498

	Balance at December 31, 2015	Charges	Payments	Other Adjustments	Balance at December 31, 2016

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(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Employment termination costs	$ —	$ 6,333	$ (5,152)	—	$ 1,181
Facilities consolidation	54	—	(14)	—	40
Total	$ 54	$ 6,333	$ (5,166)	$ —	$ 1,221

	Balance at December 31, 2014	Charges	Payments	Other Adjustments	Balance at December 31, 2015
Employment termination costs	$ —	$ 4,883	$ (4,883)	$ —	$ —
Facilities consolidation	—	63	(9)	—	54
Total	$ —	$ 4,946	$ (4,892)	$ —	$ 54

[1] Includes non-cash adjustments.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

17. Income Taxes

The components of income or (loss) from continuing operations before income taxes are as follows:

	Year ended December 31,		
	2017	2016	2015
		(Restated)	(Restated)
Domestic	$ (210,214)	$ (116,730)	$ (22,237)
Foreign	(18,873)	(10,359)	(17,933)
Total	$ (229,087)	$ (127,089)	$ (40,170)

The components of income tax (expense) benefit from continuing operations are as follows:

	Year ended December 31,		
	2017	2016	2015
		(Restated)	(Restated)
Current:			
Federal	$ 600	$ 4,695	$ 1,866
State	—	2,098	299
Foreign	(4,817)	(2,743)	(1,847)
Deferred:			
Federal	40,634	26,074	2,473
State	1,340	1,301	103
Foreign	(2,894)	1,795	(506)
Income tax benefit	$ 34,863	$ 33,220	$ 2,388

Reconciliations of the statutory tax rates and the effective tax rates from continuing operations for the years ended December 31, 2017, 2016 and 2015 are as follows:

	Year ended December 31,		
	2017	2016	2015
		(Restated)	(Restated)
Statutory rate	35 %	35 %	35 %
State taxes, net of federal benefit	1 %	3 %	1 %
Effect of rates different than statutory	(2)%	(2)%	(10)%
Minority interest	(1)%	(4)%	(1)%
Non-deductible stock based compensation	(2)%	— %	— %
Other permanent adjustments	(2)%	(1)%	(6)%
Research and development credit	— %	2 %	5 %
Change in valuation allowance	(7)%	(3)%	(10)%
Other	(2)%	(1)%	(3)%
Tax Reform Rate Reduction	(3)%	— %	— %
Acquisitions and restructuring related taxes	(2)%	(3)%	(5)%
Net	15 %	26 %	6 %

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31,	
	2017	2016
		(Restated)
Deferred tax assets:		
Accrued liabilities	$ 259	$ 22
Deferred revenue	18,721	52,102
Bad debts reserve	1,103	556
Deferred compensation	5,635	12,431
Federal net operating loss carry forwards	15,324	18,993
State net operating loss carry forwards	4,940	1,737
Foreign net operating loss carry forwards	10,212	13,243
Deferred rent	474	636
Capital loss carry forward	1,541	229
Transaction costs	—	2,038
Other	2,947	2,155
Total deferred tax assets	$ 61,156	$ 104,142
Deferred tax liabilities:		
Intangible assets	$ (12,491)	$ (16,014)
Basis difference	(6,612)	(12,859)
Installment sale	(8,909)	(23,177)
Depreciation and amortization	(14,356)	(28,134)
Total deferred tax liabilities	(42,368)	(80,184)
Less: valuation allowance	(32,523)	(14,180)
Net deferred income tax (liabilities) assets	$ (13,735)	$ 9,778

As of December 31, 2017, the Company has federal and state income tax net operating loss ("NOL") carryforwards of $72.7 million and $77.8 million, respectively, which will expire at various dates from 2018 through 2037. The Company also has foreign NOL carryforwards in various jurisdictions of $85.6 million that have various carryforward periods. Such NOL carryforwards expire as follows:

2018-2022	$ 13,700
2023-2027	12,669
2028-2037	127,163
Indefinite	82,612
	$ 236,144

In evaluating the Company's ability to recover its deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies, and results of recent operations. In projecting future taxable income, the Company begins with historical results and incorporates assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax-planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company is using to manage the underlying businesses.

The foreign NOL carryforwards in the income tax returns filed included unrecognized tax benefits taken in prior years. The NOLs for which a deferred tax asset is recognized for financial statement purposes in accordance with ASC 740 are presented net of these unrecognized tax benefits.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

The Company continues to evaluate the ability to realize all of its net deferred tax assets at each reporting date and records a benefit for deferred tax assets to the extent it has deferred tax liabilities that provide a source of income to benefit the deferred tax asset. As a result of this analysis, the Company recorded a valuation allowance against the net deferred tax assets of certain foreign jurisdictions as the realization of these assets is not more likely than not, given uncertainty of future earnings in these jurisdictions.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. As of December 31, 2017, the Company's tax years for 2014, 2015 and 2016 are subject to examination by the tax authorities. With few exceptions, as of December 31, 2017, the Company is no longer subject to U.S. federal, state, local, or foreign examinations by tax authorities for years before 2013.

The Company is currently under income tax examinations in New Jersey for the tax years 2012 through 2014. The Company does not believe that the results of this audit will have a material effect on its financial position or results of operations. In addition, the Company closed the Federal tax examination for the tax years 2013 and 2014 and the New York examination for the tax years 2012 to 2014 with no change.

The TCJA included a transition tax based on undistributed, untaxed foreign earnings analyzed in aggregate. The provisional analysis performed by the Company resulted in an overall untaxed deficit and no transition tax. In addition, no income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax, or any additional outside basis difference inherent in these entities, as these amounts continue to be indefinitely reinvested in foreign operations. Should the Company decide to repatriate the foreign earnings, it would need to adjust its income tax provision in the period it determined that the earnings will no longer be indefinitely invested outside the United States. Due to the timing and circumstances of repatriation of such earnings, if any, it is not practicable to determine the unrecognized deferred tax liability relating to such amounts.

A reconciliation of the amounts of unrecognized tax benefits excluding interest, as restated, are as follows:

Unrecognized tax benefit at December 31, 2014	$	3,916
Increase for tax positions taken during prior year		54
Reduction due to lapse of applicable statute of limitations		(68)
Increases for tax positions of current period		376
Unrecognized tax benefit at December 31, 2015		4,278
Decreases for tax positions taken during prior year		(35)
Reduction due to lapse of applicable statute of limitations		(57)
Increases for tax positions of current period		399
Unrecognized tax benefit at December 31, 2016		4,585
Increase for tax positions taken during prior year		1,823
Increases related to acquired entities		13,278
Reduction due to lapse of applicable statute of limitations		(1,512)
Decreases related to divested entities		(13,645)
Increases for tax positions of current period		1,946
Unrecognized tax benefit at December 31, 2017	$	6,475

Included in the balance of unrecognized tax benefits as of the years ended December 31, 2017, 2016 and 2015, are $7.1 million,$4.8 million and $4.4 million, respectively, of tax benefits that, if recognized, would affect the effective tax rate.

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The liability for unrecognized tax benefits excludes accrued interest of $0.6 million, $0.2 million and $0.1 million, for the years ended December 31, 2017, 2016 and 2015, respectively. The Company believes that it is reasonably possible that approximately $2.8 million of its currently unrecognized tax benefits related to transfer pricing reserve and research and development credits, which are individually insignificant, may be recognized by the end of 2018 as a result of a lapse of the statute of limitations.

(Amounts in tables in thousands, except for per share data or unless otherwise noted)

18. Earnings Per Share

The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income attributable to common stockholders per common share from continued and discontinued operations:

	Year ended December 31,		
	2017	2016	2015
		Restated	Restated
Numerator - Basic:			
Net loss from continuing operations	$ (194,224)	$ (93,869)	$ (37,782)
Net (loss) income attributable to noncontrolling interests	(9,291)	(15,203)	(628)
Net (loss) income from continuing operations attributable to Synchronoss	(184,933)	(78,666)	(37,154)
Net income from discontinued operations, net of taxes	75,495	90,560	40,267
Net (loss) income attributable to Synchronoss	$ (109,438)	$ 11,894	$ 3,113
Numerator - Diluted:			
Net (loss) income from continuing operations attributable to Synchronoss	$ (184,933)	$ (78,666)	$ (37,154)
Income effect for interest on convertible debt, net of tax	—	—	—
Net (loss) income from continuing operations adjusted for the convertible debt	(184,933)	(78,666)	(37,154)
Net income from discontinued operations, net of taxes	75,495	90,560	40,267
Net income attributable to Synchronoss, adjusted for the convertible debt	$ (109,438)	$ 11,894	$ 3,113
Denominator:			
Weighted average common shares outstanding — basic	44,669	43,551	42,284
Dilutive effect of:			
Shares from assumed conversion of convertible debt (1)	—	—	—
Options and unvested restricted shares	—	—	—
Weighted average common shares outstanding — diluted	44,669	43,551	42,284
Basic EPS			
Continuing operations	$ (4.14)	$ (1.81)	$ (0.88)
Discontinued operations	1.69	2.08	0.95
	$ (2.45)	$ 0.27	$ 0.07
Diluted EPS			
Continuing operations	$ (4.14)	$ (1.81)	$ (0.88)
Discontinued operations	1.69	2.08	0.95
	$ (2.45)	$ 0.27	$ 0.07
Anti-dilutive stock options excluded:	$ 2,648	$ 1,310	$ 556

[1] The calculation for each period does not include the effect of assumed conversion of convertible debt of 4,325,646 shares, which is based on 18.8072 shares per $1,000 principal amount of the 2019 Notes, because the effect would have been anti-dilutive.

19. Summary of Quarterly Results of Operations (Unaudited)

Quarterly results of operations for the year ended December 31, 2017 were as follows:

	Quarter Ended			
	March 31,	**June 30,**	**September 30,**	**December 31,**
2017	**(In thousands, except per share data)**			
Net revenues	$ 86,097	$ 118,990	$ 91,015	$ 106,259
Gross profit[1]	40,042	71,235	45,439	64,192
Loss from continuing operations	(51,347)	(8,894)	(36,139)	(33,222)
Net (loss) income	(61,586)	(33,618)	(35,461)	11,936
Net (loss) income attributable to Synchronoss [2]	(58,697)	(30,803)	(34,185)	14,247
Basic:				
Continuing operations [3]	$ (0.96)	$ (0.44)	$ (0.97)	$ (1.76)
Discontinued operations [3]	(0.36)	(0.25)	0.21	2.07
	$ (1.32)	$ (0.69)	$ (0.76)	$ 0.31
Diluted:				
Continuing operations [3]	$ (0.96)	$ (0.44)	$ (0.97)	$ (1.76)
Discontinued operations [3]	(0.36)	(0.25)	0.21	2.07
	$ (1.32)	$ (0.69)	$ (0.76)	$ 0.31

The following tables includes unaudited financial data for the fiscal year quarters in 2016 and 2015, which have been adjusted for discontinued operations:

	Quarter Ended			
(Restated)	**March 31,**	**June 30,**	**September 30,**	**December 31,**
2016	**(In thousands, except per share data)**			
Net revenues	$ 78,246	$ 121,101	$ 119,936	$ 107,011
Gross profit[1]	32,095	72,921	70,798	55,796
Loss from continuing operations	(45,343)	(13,348)	(12,226)	(51,687)
Net (loss) income	(32,336)	4,692	(6,014)	30,349
Net (loss) income attributable to Synchronoss [2]	(29,329)	7,832	(2,667)	36,058
Basic:				
Continuing operations [3]	$ (0.66)	$ (0.25)	$ (0.03)	$ (0.86)
Discontinued operations [3]	(0.03)	0.44	0.09	1.57
	$ (0.69)	$ 0.19	$ 0.06	$ 0.71
Diluted:				
Continuing operations [3]	$ (0.66)	$ (0.25)	$ (0.03)	$ (0.86)
Discontinued operations [3]	(0.03)	0.44	0.09	1.57
	$ (0.69)	$ 0.19	$ 0.06	$ 0.71

SYNCHRONOSS TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Amounts in tables in thousands, except for per share data or unless otherwise noted)

(Restated) 2015	Quarter Ended March 31,	June 30,	September 30,	December 31,
	(In thousands, except per share data)			
Net revenues	$ 109,641	$ 87,710	$ 88,747	$ 86,463
Gross profit[1]	76,739	51,765	48,482	40,765
Net income (loss) from continuing operations	18,267	(7,328)	(15,955)	(32,097)
Net income (loss)	19,738	7,409	(8,858)	(15,804)
Net income (loss) attributable to Synchronoss [2]	19,738	7,409	(8,858)	(15,176)
Basic:				
Continuing operations [3]	$ 0.33	$ (0.39)	$ (0.24)	$ (0.57)
Discontinued operations [3]	0.15	0.56	0.03	0.22
	$ 0.48	$ 0.17	$ (0.21)	$ (0.35)
Diluted:				
Continuing operations [3]	$ 0.30	$ (0.39)	$ (0.24)	$ (0.57)
Discontinued operations [3]	0.13	0.56	0.03	0.22
	$ 0.43	$ 0.17	$ (0.21)	$ (0.35)

(1) Gross profit is defined as net revenues less cost of services and excludes depreciation and amortization expense.
(2) Net loss for the quarter ended March 31, 2016 included a $0.7 million income tax expense adjustment related to the elimination of the additional paid-in-capital ("APIC") Pool as a result of the adoption of ASU 2016-09.
(3) Per common share amounts for the quarters and full year have been calculated separately. Accordingly, quarterly amounts do not add to the annual amount because of differences in the number of weighted-average common shares outstanding during each period which results principally from the effect of issuing shares of the Company's common stock and options throughout the year.

As discussed in the "Explanatory Note Regarding Restatement" in Part I, Item 1 of this this Annual Report on Form 10-K ("Form 10-K") , this footnote discloses the nature of the restatement matters and adjustments and shows the impact of the restatement matters on revenues, expenses, income, assets, liabilities, equity, and the cumulative effects of these adjustments on the Consolidated Statement of Operations and Consolidated Balance Sheets for 2016 and 2015. In addition, this footnote shows the effects of the adjustment to opening retained earnings as of January 1, 2015, which adjustment reflects the impact of the restatement on periods prior to 2015.

Quarterly Financial Information (Unaudited) - Balance Sheets

The net effect of the restatement on the Company's previously reported consolidated financial statements, as of the quarters ended March 31, June 30 and September 30, 2016 and 2015 (unaudited), are included in this *Note 19 - Summary of Quarterly Results of Operations (Unaudited).* Form 10-Q's for the quarters ended March 31, 2017, June 30, 2017, and September 30, 2017 will be filed with the SEC concurrently with this Form 10-K.

The following table presents the Consolidated Balance Sheet (unaudited) as previously reported, restatement adjustments and the Consolidated Balance Sheet (unaudited) as adjusted at September 30, 2016:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
ASSETS							
Current assets:							
Cash and cash equivalents	$ 123,319	$ —	$ —	$ —	$ (12,975)	$ —	$ 110,344
Restricted cash	—	—	—	—	12,975	—	12,975
Marketable securities	16,973	—	—	—	—	—	16,973
Accounts receivable, net	208,607	(155)	(60,711)	—	8,486	—	156,227
Prepaid expenses and other current assets	45,972	—	—	862	(143)	649	47,340
Assets of discontinued operations, current	10,970	—	—	—	(9,338)	—	1,632
Total current assets	405,841	(155)	(60,711)	862	(995)	649	345,491
Marketable securities	3,968	—	—	—	—	—	3,968
Property and equipment, net	168,083	—	—	—	3,465	—	171,548
Goodwill	275,914	—	—	(54,903)	16,490	(3,896)	233,605
Intangible assets, net	215,666	—	—	(20,941)	(8,560)	—	186,165
Deferred tax assets	1,904	—	—	—	—	40,296	42,200
Other assets	9,920	—	—	(1,315)	1,451	—	10,056
Assets of discontinued operations, non-current	43,433	—	—	—	(17,655)	—	25,778
Total Assets	$ 1,124,729	$ (155)	$ (60,711)	$ (76,297)	$ (5,804)	$ 37,049	$ 1,018,811

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

		Adjustments					
	As Previously Reported (Adjusted)	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	$ 28,724	$ —	$ —	$ —	$ —	$ —	$ 28,724
Accrued expenses	54,066	—	5,229	441	300	(1,505)	58,531
Deferred revenues	26,106	22,288	1,628	(4,345)	2	—	45,679
Contingent consideration obligation	8,229	—	—	(4,824)	—	—	3,405
Short-term debt	38,000	—	—	—	—	—	38,000
Total current liabilities	155,125	22,288	6,857	(8,728)	302	(1,505)	174,339
Lease financing obligation - long term	13,082	—	—	43	—	—	13,125
Convertible debt	225,938	—	—	—	—	—	225,938
Deferred tax liability	26,397	—	—	—	—	(16,380)	10,017
Deferred revenues	—	41,934	17,274	—	—	—	59,208
Other liabilities	20,399	—	(16,691)	—	1,569	2,731	8,008
Commitments and contingencies							
Redeemable noncontrolling interests	52,616	—	—	(28,898)	1,562	—	25,280
Stockholder's equity							
Common stock	3	—	—	—	—	—	3
Treasury stock	(95,183)	—	—	—	(1,584)	—	(96,767)
Additional paid-in capital	561,992	—	—	(7,667)	(9,542)	—	544,783
Accumulated other comprehensive loss	(31,788)	—	639	—	295	107	(30,747)
Retained earnings	196,148	(64,377)	(68,790)	(31,047)	1,594	52,096	85,624
Total stockholders' equity	631,172	(64,377)	(68,151)	(38,714)	(9,237)	52,203	502,896
Total liabilities & stockholders' equity	$ 1,124,729	$ (155)	$ (60,711)	$ (76,297)	$ (5,804)	$ 37,049	$ 1,018,811

The following table presents the Consolidated Balance Sheet (unaudited) as previously reported, restatement adjustments and the Consolidated Balance Sheet (unaudited) as adjusted at June 30, 2016:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
ASSETS							
Current assets:							
Cash and cash equivalents	$ 111,028	$ —	$ —	$ —	$ (21,042)	$ —	$ 89,986
Restricted cash	—	—	—	—	21,042	—	21,042
Marketable securities	62,274	—	—	—	—	—	62,274
Accounts receivable, net	154,061	(174)	(41,754)	—	8,110	—	120,243
Prepaid expenses and other current assets	47,677	—	—	724	(142)	649	48,908
Assets of discontinued operations, current	10,595	—	—	—	(8,963)	—	1,632
Total current assets	385,635	(174)	(41,754)	724	(995)	649	344,085
Marketable securities	13,949	—	—	—	—	—	13,949
Property and equipment, net	167,135	—	—	—	3,372	—	170,507
Goodwill	278,315	—	—	(54,901)	16,488	(3,896)	236,006
Intangible assets, net	222,045	—	—	(22,052)	(5,602)	—	194,391
Deferred tax assets	1,902	—	—	—	—	32,459	34,361
Other assets	10,050	—	—	(1,289)	1,610	—	10,371
Assets of discontinued operations, non-current	44,001	—	—	—	(17,815)	—	26,186
Total Assets	$ 1,123,032	$ (174)	$ (41,754)	$ (77,518)	$ (2,942)	$ 29,212	$ 1,029,856

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

		Adjustments					
	As Previously Reported (Adjusted)	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Accounts payable	$ 35,150	$ —	$ —	$ —	$ —	$ —	$ 35,150
Accrued expenses	52,534	—	16,005	285	300	(1,505)	67,619
Deferred revenues	28,009	15,494	1,890	(3,251)	2	—	42,144
Contingent consideration obligation	7,657	—	—	(2,903)	—	—	4,754
Short-term debt	47,000	—	—	—	—	—	47,000
Total current liabilities	170,350	15,494	17,895	(5,869)	302	(1,505)	196,667
Lease financing obligation - long term	13,623	—	—	45	—	—	13,668
Convertible debt	225,585	—	—	—	—	—	225,585
Deferred tax liability	29,716	—	—	—	—	(16,380)	13,336
Deferred revenues	—	42,266	19,241	—	—	—	61,507
Other liabilities	22,545	—	(18,585)	—	1,633	2,731	8,324
Commitments and contingencies							
Redeemable noncontrolling interests	55,459	—	—	(28,982)	(1,197)	—	25,280
Stockholder's equity							
Common stock	4	—	—	—	—	—	4
Treasury stock	(95,812)	—	—	—	(2,676)	—	(98,488)
Additional paid-in capital	547,970	—	—	(7,667)	(2,341)	—	537,962
Accumulated other comprehensive loss	(34,880)	—	670	—	295	107	(33,808)
Retained earnings	188,472	(57,934)	(60,975)	(35,045)	1,042	44,259	79,819
Total stockholders' equity	605,754	(57,934)	(60,305)	(42,712)	(3,680)	44,366	485,489
Total liabilities & stockholders' equity	$ 1,123,032	$ (174)	$ (41,754)	$ (77,518)	$ (2,942)	$ 29,212	$ 1,029,856

The following table presents the Consolidated Balance Sheet (unaudited) as previously reported, restatement adjustments and the Consolidated Balance Sheet (unaudited) as adjusted at March 31, 2016:

(Unaudited)	As Previously Reported**	Adjustments: Revenue - Hosting	Adjustments: Revenue - Evidence of Arrangement and Other Revenue	Adjustments: Acquisitions & Divestiture	Adjustments: Capitalized Software and Other	Adjustments: Income Taxes	As Adjusted
ASSETS							
Current assets:							
Cash and cash equivalents	$ 113,084	$ —	$ —	$ —	$ (26,302)	$ —	$ 86,782
Restricted cash	—	—	—	—	26,302	—	26,302
Marketable securities	63,713	—	—	—	—	—	63,713
Accounts receivable, net	150,790	(42)	(42,041)	—	7,659	—	116,366
Prepaid expenses and other current assets	53,236	—	—	420	(817)	649	53,488
Assets of discontinued operations, current	9,503	—	—	—	(8,415)	—	1,088
Total current assets	390,326	(42)	(42,041)	420	(1,573)	649	347,739
Marketable securities	17,934	—	—	—	—	—	17,934
Property and equipment, net	162,040	—	—	—	3,580	—	165,620
Goodwill	271,666	—	—	(55,637)	16,488	(3,896)	228,621
Intangible assets, net	230,986	—	—	(23,163)	(3,462)	—	204,361
Deferred tax assets	5,176	—	—	—	—	24,628	29,804
Other assets	10,867	—	—	(420)	1,768	—	12,215
Assets of discontinued operations, non-current	44,568	—	—	—	(17,974)	—	26,594
Total Assets	$ 1,133,563	$ (42)	$ (42,041)	$ (78,800)	$ (1,173)	$ 21,381	$ 1,032,888

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

	As Previously Reported (Adjusted)	Adjustments: Revenue - Hosting	Adjustments: Revenue - Evidence of Arrangement and Other Revenue	Adjustments: Acquisitions & Divestiture	Adjustments: Capitalized Software and Other	Adjustments: Income Taxes	As Adjusted
LIABILITIES AND STOCKHOLDERS’ EQUITY							
Current liabilities:							
Accounts payable	$ 33,171	$ —	$ —	$ —	$ —	$ —	$ 33,171
Accrued expenses	48,695	—	29,763	(11)	299	(1,504)	77,242
Deferred revenues	32,113	8,860	1,378	(3,777)	75	—	38,649
Contingent consideration obligation	1,271	—	—	373	—	—	1,644
Short-term debt	50,000	—	—	—	—	—	50,000
Total current liabilities	165,250	8,860	31,141	(3,415)	374	(1,504)	200,706
Lease financing obligation - long term	14,047	—	—	47	—	—	14,094
Convertible debt	225,231	—	—	—	—	—	225,231
Deferred tax liability	23,096	—	—	—	—	(16,380)	6,716
Deferred revenues	—	36,039	6,646	—	—	—	42,685
Other liabilities	19,900	—	(4,114)	—	1,696	2,731	20,213
Commitments and contingencies							
Redeemable noncontrolling interests	58,323	—	—	(29,066)	(3,977)	—	25,280
Stockholder's equity							
Common stock	4	—	—	—	—	—	4
Treasury stock	(72,368)	—	—	—	(2,676)	—	(75,044)
Additional paid-in capital	535,945	—	—	(7,667)	3,641	—	531,919
Accumulated other comprehensive loss	(29,254)	—	562	—	294	107	(28,291)
Retained earnings	193,389	(44,941)	(76,276)	(38,699)	(525)	36,427	69,375
Total stockholders' equity	627,716	(44,941)	(75,714)	(46,366)	734	36,534	497,963
Total liabilities & stockholders' equity	$ 1,133,563	$ (42)	$ (42,041)	$ (78,800)	$ (1,173)	$ 21,381	$ 1,032,888

Quarterly Financial Information (Unaudited) - Income Statements

The net effect of the restatement on the Company's previously reported consolidated financial statements for the quarters ended March 31, June 30 and September 30, 2016 and 2015 (unaudited), are included in this *Note 19 - Summary of Quarterly Results of Operations (Unaudited).* Form 10-Q's for the quarters ended March 31, 2017, June 30, 2017, and September 30, 2017 will be filed with the SEC concurrently with this Form 10-K.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended December 31, 2016:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 121,796	$ (22,331)	$ 18,958	$ (11,412)	$ —	$ —	$ 107,011
Costs and expenses:							
Cost of services	50,210	—	—	64	941	—	51,215
Research and development	28,273	—	—	—	1,316	—	29,589
Selling, general and administrative	43,297	—	(1,752)	(75)	137	—	41,607
Net change in contingent consideration obligation	3,631	—	—	(4,203)	—	—	(572)
Restructuring charges	1,360	—	—	—	—	—	1,360
Depreciation and amortization	25,302	—	—	(1,119)	11,316	—	35,499
Total costs and expenses	152,073	—	(1,752)	(5,333)	13,710	—	158,698
Loss from continuing operations	(30,277)	(22,331)	20,710	(6,079)	(13,710)	—	(51,687)
Interest income	936	—	—	(340)	(181)	—	415
Interest expense	(2,007)	—	—	374	200	(975)	(2,408)
Other expense, net	2,049	—	(69)	(830)	(264)	—	886
Loss from continuing operations, before taxes	(29,299)	(22,331)	20,641	(6,875)	(13,955)	(975)	(52,794)
Benefit for income taxes	7,176	—	—	—	—	7,284	14,460
Net loss from continuing operations	(22,123)	(22,331)	20,641	(6,875)	(13,955)	6,309	(38,334)
Net income from discontinued operations, net of tax	43,668	—	5,329	18,116	—	1,570	68,683
Net loss	21,545	(22,331)	25,970	11,241	(13,955)	7,879	30,349
Net loss attributable to redeemable noncontrolling interests	(2,760)	—	—	—	(2,949)	—	(5,709)
Net loss attributable to Synchronoss	$ 24,305	$ (22,331)	$ 25,970	$ 11,241	$ (11,006)	$ 7,879	$ 36,058
Basic:							
Continuing operations	$ (0.44)						$ (0.86)
Discontinued operations	0.99						1.57
	$ 0.55						$ 0.71
Diluted:							
Continuing operations	$ (0.44)						$ (0.86)
Discontinued operations	0.99						1.57
	$ 0.55						$ 0.71
Weighted-average common shares outstanding:							
Basic	43,814						43,814
Diluted	43,814						49,012

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended September 30, 2016:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 132,480	$ (6,440)	$ (7,648)	$ 1,544	$ —	$ —	$ 119,936
Costs and expenses:							
Cost of services	49,073	—	—	65	—	—	49,138
Research and development	28,141	—	—	—	2,889	—	31,030
Selling, general and administrative	30,934	2	(2,246)	156	(19)	—	28,827
Net change in contingent consideration obligation	572	—	—	(1,921)	—	—	(1,349)
Restructuring charges	924	—	—	—	—	—	924
Depreciation and amortization	24,692	—	—	(1,111)	11	—	23,592
Total costs and expenses	134,336	2	(2,246)	(2,811)	2,881	—	132,162
Loss from continuing operations	(1,856)	(6,442)	(5,402)	4,355	(2,881)	—	(12,226)
Interest income	271	—	—	—	—	—	271
Interest expense	(1,596)	—	—	—	—	—	(1,596)
Other expense, net	(167)	—	16	—	—	—	(151)
Loss from continuing operations, before taxes	(3,348)	(6,442)	(5,386)	4,355	(2,881)	—	(13,702)
Benefit for income taxes	(1,621)	—	—	—	—	5,231	3,610
Net loss from continuing operations	(4,969)	(6,442)	(5,386)	4,355	(2,881)	5,231	(10,092)
Net income from discontinued operations, net of tax	9,802	—	(2,427)	(272)	(1)	(3,024)	4,078
Net loss	4,833	(6,442)	(7,813)	4,083	(2,882)	2,207	(6,014)
Net loss attributable to redeemable noncontrolling interests	(2,843)	—	—	—	(504)	—	(3,347)
Net loss attributable to Synchronoss	$ 7,676	$ (6,442)	$ (7,813)	$ 4,083	$ (2,378)	$ 2,207	$ (2,667)
Basic:							
Continuing operations	$ (0.05)						$ (0.03)
Discontinued operations	0.23						0.09
	$ 0.18						$ 0.06
Diluted:							
Continuing operations	$ (0.05)						$ (0.03)
Discontinued operations	0.23						0.09
	$ 0.18						$ 0.06
Weighted-average common shares outstanding:							
Basic	43,560						43,560
Diluted	43,560						43,560

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended June 30, 2016:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 118,255	$ (12,840)	$ 16,211	$ (525)	$ —	$ —	$ 121,101
Costs and expenses:							
Cost of services	48,467	—	—	(171)	(116)	—	48,180
Research and development	26,170	—	—	—	1,877	—	28,047
Selling, general and administrative	29,952	153	(472)	296	(49)	—	29,880
Net change in contingent consideration obligation	6,386	—	—	(3,276)	—	—	3,110
Restructuring charges	1,139	—	—	—	—	—	1,139
Depreciation and amortization	25,262	—	—	(1,111)	(58)	—	24,093
Total costs and expenses	137,376	153	(472)	(4,262)	1,654	—	134,449
Loss from continuing operations	(19,121)	(12,993)	16,683	3,737	(1,654)	—	(13,348)
Interest income	591	—	—	—	—	—	591
Interest expense	(1,834)	—	—	—	—	—	(1,834)
Other expense, net	865	—	(197)	—	—	—	668
Loss from continuing operations, before taxes	(19,499)	(12,993)	16,486	3,737	(1,654)	—	(13,923)
Benefit for income taxes	2,074	—	—	—	—	(2,444)	(370)
Net loss from continuing operations	(17,425)	(12,993)	16,486	3,737	(1,654)	(2,444)	(14,293)
Net income from discontinued operations, net of tax	10,122	—	(1,188)	—	1	10,050	18,985
Net loss	(7,303)	(12,993)	15,298	3,737	(1,653)	7,606	4,692
Net loss attributable to redeemable noncontrolling interests	(2,864)	—	—	—	(276)	—	(3,140)
Net loss attributable to Synchronoss	$ (4,439)	$ (12,993)	$ 15,298	$ 3,737	$ (1,377)	$ 7,606	$ 7,832
Basic:							
Continuing operations	$ (0.34)						$ (0.25)
Discontinued operations	0.24						0.44
	$ (0.10)						$ 0.19
Diluted:							
Continuing operations	$ (0.34)						$ (0.25)
Discontinued operations	0.24						0.44
	$ (0.10)						$ 0.19
Weighted-average common shares outstanding:							
Basic	43,450						43,450
Diluted	43,450						43,450

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended March 31, 2016:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 104,219	$ 2,119	$ (18,086)	$ (10,006)	$ —	$ —	$ 78,246
Costs and expenses:							
Cost of services	46,448	—	—	(1)	(296)	—	46,151
Research and development	24,097	—	—	—	1,730	—	25,827
Selling, general and administrative	26,923	—	—	84	(1,093)	—	25,914
Net change in contingent consideration obligation	341	—	—	(336)	—	—	5
Restructuring charges	2,910	—	—	—	—	—	2,910
Depreciation and amortization	24,055	—	—	(1,111)	(162)	—	22,782
Total costs and expenses	124,774	—	—	(1,364)	179	—	123,589
Loss from continuing operations	(20,555)	2,119	(18,086)	(8,642)	(179)	—	(45,343)
Interest income	630	—	—	—	—	—	630
Interest expense	(1,576)	—	—	—	—	—	(1,576)
Other expense, net	(884)	—	503	—	—	—	(381)
Loss from continuing operations, before taxes	(22,385)	2,119	(17,583)	(8,642)	(179)	—	(46,670)
Benefit for income taxes	361	—	—	—	—	15,159	15,520
Net loss from continuing operations	(22,024)	2,119	(17,583)	(8,642)	(179)	15,159	(31,150)
Net income from discontinued operations, net of tax	10,941	—	(2,111)	—	—	(10,016)	(1,186)
Net loss	(11,083)	2,119	(19,694)	(8,642)	(179)	5,143	(32,336)
Net loss attributable to redeemable noncontrolling interests	(3,129)	—	—	—	122	—	(3,007)
Net loss attributable to Synchronoss	$ (7,954)	$ 2,119	$ (19,694)	$ (8,642)	$ (301)	$ 5,143	$ (29,329)
Basic:							
Continuing operations	$ (0.44)						$ (0.66)
Discontinued operations	0.26						(0.03)
	$ (0.18)						$ (0.69)
Diluted:							
Continuing operations	$ (0.44)						$ (0.66)
Discontinued operations	0.26						(0.03)
	$ (0.18)						$ (0.69)
Weighted-average common shares outstanding:							
Basic	43,423						43,423
Diluted	43,423						43,423

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended December 31, 2015:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 121,213	$ (2,519)	$ (12,141)	$ (20,090)	$ —	$ —	$ 86,463
Costs and expenses:							
Cost of services	45,512	—	—	(17)	203	—	45,698
Research and development	22,958	—	—	—	1,235	—	24,193
Selling, general and administrative	29,539	—	(3,042)	—	8	—	26,505
Net change in contingent consideration obligation	760	—	—	755	—	—	1,515
Restructuring charges	(34)	—	—	—	—	—	(34)
Depreciation and amortization	20,931	—	—	(76)	(172)	—	20,683
Total costs and expenses	119,666	—	(3,042)	662	1,274	—	118,560
Loss from continuing operations	1,547	(2,519)	(9,099)	(20,752)	(1,274)	—	(32,097)
Interest income	564	—	—	—	—	—	564
Interest expense	(1,503)	—	—	—	—	—	(1,503)
Other expense, net	973	—	(149)	(16)	—	—	808
Loss from continuing operations, before taxes	1,581	(2,519)	(9,248)	(20,768)	(1,274)	—	(32,228)
Benefit for income taxes	2,263	—	(534)	—	—	5,381	7,110
Net loss from continuing operations	3,844	(2,519)	(9,782)	(20,768)	(1,274)	5,381	(25,118)
Net income from discontinued operations, net of tax	7,478	—	—	—	—	1,836	9,314
Net loss	11,322	(2,519)	(9,782)	(20,768)	(1,274)	7,217	(15,804)
Net loss attributable to redeemable noncontrolling interests	6,052	—	—	—	(6,680)	—	(628)
Net loss attributable to Synchronoss	$ 5,270	$ (2,519)	$ (9,782)	$ (20,768)	$ 5,406	$ 7,217	$ (15,176)
Basic:							
Continuing operations	$ (0.05)						$ (0.57)
Discontinued operations	0.17						0.22
	$ 0.12						$ (0.35)
Diluted:							
Continuing operations	$ (0.05)						$ (0.57)
Discontinued operations	0.17						0.22
	$ 0.12						$ 1.26
Weighted-average common shares outstanding:							
Basic	42,817						42,817
Diluted	42,817						42,817

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended September 30, 2015:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 109,297	$ (2,355)	$ (18,195)	$ —	$ —	$ —	$ 88,747
Costs and expenses:							
Cost of services	40,223	—	—	—	42	—	40,265
Research and development	23,986	—	—	—	165	—	24,151
Selling, general and administrative	20,410	—	—	—	(71)	—	20,339
Restructuring charges	359	—	—	—	—	—	359
Depreciation and amortization	19,754	—	—	(20)	(146)	—	19,588
Total costs and expenses	104,732	—	—	(20)	(10)	—	104,702
Loss from continuing operations	4,565	(2,355)	(18,195)	20	10	—	(15,955)
Interest income	546	—	—	—	—	—	546
Interest expense	(1,448)	—	—	—	—	—	(1,448)
Other expense, net	(1,030)	—	109	—	—	—	(921)
Loss from continuing operations, before taxes	2,633	(2,355)	(18,086)	20	10	—	(17,778)
Benefit for income taxes	(4,448)	—	—	—	—	12,228	7,780
Net loss from continuing operations	(1,815)	(2,355)	(18,086)	20	10	12,228	(9,998)
Net income from discontinued operations, net of tax	11,460	—	—	—	—	(10,320)	1,140
Net loss	9,645	(2,355)	(18,086)	20	10	1,908	(8,858)
Basic:							
Continuing operations	$ (0.04)						$ (0.24)
Discontinued operations	0.27						0.03
	$ 0.23						$ (0.21)
Diluted:							
Continuing operations	$ (0.04)						$ (0.24)
Discontinued operations	$ 0.27						$ 0.03
	$ 0.23						$ (0.21)
Weighted-average common shares outstanding:							
Basic	42,491						42,491
Diluted	42,491						42,491

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended June 30, 2015:

(Unaudited)		Adjustments					
	As Previously Reported**	Revenue - Hosting	Revenue - Evidence of Arrangement and Other Revenue	Acquisitions & Divestiture	Capitalized Software and Other	Income Taxes	As Adjusted
Net revenues	$ 102,176	$ (5,586)	$ (8,880)	$ —	$ —	$ —	$ 87,710
Costs and expenses:							
Cost of services	35,945	—	—	—	—	—	35,945
Research and development	22,462	—	—	—	4	—	22,466
Selling, general and administrative	18,147	—	—	—	468	—	18,615
Restructuring charges	1,416	—	—	—	—	—	1,416
Depreciation and amortization	16,632	—	—	(20)	(16)	—	16,596
Total costs and expenses	94,602	—	—	(20)	456	—	95,038
Loss from continuing operations	7,574	(5,586)	(8,880)	20	(456)	—	(7,328)
Interest income	471	—	—	—	—	—	471
Interest expense	(1,418)	—	—	—	—	—	(1,418)
Other expense, net	415	—	57	—	—	—	472
Loss from continuing operations, before taxes	7,042	(5,586)	(8,823)	20	(456)	—	(7,803)
Benefit for income taxes	(2,309)	—	—	—	—	(6,101)	(8,410)
Net loss from continuing operations	4,733	(5,586)	(8,823)	20	(456)	(6,101)	(16,213)
Net income from discontinued operations, net of tax	10,421	—	—	—	—	13,201	23,622
Net loss	15,154	(5,586)	(8,823)	20	(456)	7,100	7,409
Basic:							
Continuing operations	$ 0.11						$ (0.39)
Discontinued operations	0.25						0.56
	$ 0.36						$ 0.17
Diluted:							
Continuing operations	$ 0.11						$ (0.39)
Discontinued operations	0.25						0.56
	$ 0.36						$ 0.17
Weighted-average common shares outstanding:							
Basic	41,870						41,870
Diluted	41,870						41,870

* Cost of services excludes depreciation and amortization which is shown separately.

** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.

† See *Note 3 - Summary of Significant Accounting Policies*.

The following table presents the Consolidated Statement of Operations (unaudited) as previously reported, restatement adjustments and the Consolidated Statement of Operations (unaudited) as adjusted for the three months ended March 31, 2015:

(Unaudited)	As Previously Reported**	Adjustments: Revenue - Hosting	Adjustments: Revenue - Evidence of Arrangement and Other Revenue	Adjustments: Acquisitions & Divestiture	Adjustments: Capitalized Software and Other	Adjustments: Income Taxes	As Adjusted
Net revenues	$ 95,431	$ (16,448)	$ 40,658	$ (10,000)	$ —	$ —	$ 109,641
Costs and expenses:							
Cost of services	33,607	—	—	—	(705)	—	32,902
Research and development	22,024	—	—	—	(71)	—	21,953
Selling, general and administrative	20,315	—	—	—	(1,183)	—	19,132
Restructuring charges	3,205	—	—	—	—	—	3,205
Depreciation and amortization	14,835	—	—	(20)	(633)	—	14,182
Total costs and expenses	93,986	—	—	(20)	(2,592)	—	91,374
Loss from continuing operations	1,445	(16,448)	40,658	(9,980)	2,592	—	18,267
Interest income	466	—	—	—	—	—	466
Interest expense	(1,342)	—	—	—	—	—	(1,342)
Other expense, net	14	—	(69)	—	303	—	248
Loss from continuing operations, before taxes	583	(16,448)	40,589	(9,980)	2,895	—	17,639
Benefit for income taxes	(930)	—	—	—	—	(3,162)	(4,092)
Net loss from continuing operations	(347)	(16,448)	40,589	(9,980)	2,895	(3,162)	13,547
Net income from discontinued operations, net of tax	10,908	—	—	—	—	(4,717)	6,191
Net loss	10,561	(16,448)	40,589	(9,980)	2,895	(7,879)	19,738
Basic:							
Continuing operations	$ (0.01)						$ 0.33
Discontinued operations	0.26						0.15
	$ 0.25						$ 0.48
Diluted:							
Continuing operations	$ (0.01)						$ 0.30
Discontinued operations	0.26						0.13
	$ 0.25						$ 0.43
Weighted-average common shares outstanding:							
Basic	41,626						41,626
Diluted	47,080						47,080

* Cost of services excludes depreciation and amortization which is shown separately.
** Certain amounts reflected in this column have been adjusted for retrospective application of discontinued operations.
† See *Note 3 - Summary of Significant Accounting Policies*.

20. Legal Matters

On May 1, 2017, May 2, 2017, June 8, 2017 and June 14, 2017, four putative class actions were filed against the Company and certain of its officers and directors in the United States District Court for the District of New Jersey (the "Securities Law Action"). After these cases were consolidated, the court appointed as lead plaintiff Employees' Retirement System of the State of Hawaii, which filed, on November 20, 2017, a consolidated amended complaint purportedly on behalf of purchasers of our common stock between February 3, 2016 and June 13, 2017. The consolidated amended complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and it alleges, among other things, that the defendants made false and misleading statements of material information concerning the Company's financial results, business operations, and prospects. The plaintiff seeks unspecified damages, fees, interest, and costs. On February 2, 2018, the defendants filed a motion to dismiss the consolidated amended complaint in its entirety, with prejudice, which remains pending. We believe that the asserted claims lack merit, and we intend to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the actions at this time, and we can give no assurance that the asserted claims will not have a material adverse effect on our financial position or results of operations.

On September 15, 2017, October 24, 2017, October 27, 2017 and October 30, 2017, Synchronoss shareholders filed derivative lawsuits against certain of the Company's officers and directors and the Company (as nominal defendant) in the United States District Court for the District of New Jersey (the "Derivative Suits"). These lawsuits purport to allege claims related to breaches of fiduciary duties and unjust enrichment. The allegations in the Derivative Suits relate to substantially the same facts as those underlying the Securities Law Action described above. The plaintiffs seek unspecified damages and for the Company to take steps to improve its corporate governance and internal procedures. The plaintiffs in the Derivative Suits in which service of the complaints was effectuated have agreed to stay proceedings pending the court's decision on the defendants' motion to dismiss in the Securities Laws Action. The Company believes that the asserted claims lack merit, and we intend to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the Derivative Suits at this time, and the Company can give no assurance that the asserted claims will not have a material adverse effect on the Company's financial position or results of operations.

On October 7, 2014, the Company filed an amended complaint in the United States District Court for the District of New Jersey (Civ Act. No. 3:14-cv-06220) against F-Secure, claiming that F-Secure has infringed, and continues to infringe, several of the Company's patents. In February 2015, the Company entered into a patent license and settlement agreement with F-Secure Corporation and F-Secure, Inc. whereby the Company granted each of these companies (but not their subsidiaries or affiliates) a limited license to our patents. As a result of entering into the patent license and settlement agreement, the parties filed a joint stipulation to dismiss the above complaint.

Our 2011 acquisition agreement with Miyowa SA ("Miyowa") provided that former shareholders of Miyowa would be eligible for earn-out payments to the extent specified business milestones were achieved following the acquisition. In December 2013, Eurowebfund and Bakamar, two former shareholders of Miyowa filed a complaint against the Company in the Commercial Court of Paris, France claiming that they are entitled to certain earn-out payments under the acquisition agreement. The Company was served with a copy of this complaint in January 2014. On December 3, 2015, the Court dismissed all claims in the complaint against the Company. On December 19, 2015, the former shareholders of Miyowa filed an appeal with the Court of Appeal of Paris, France, appealing the Court's decision. On January 11, 2018, the Court of Appeal of Paris, France, dismissed the appeal. The plaintiffs have informed us that they will not be appealing this decision.

On July 11, 2017, Shareholder Representative Services LLC, on behalf of the persons entitled to receive merger consideration (the "Sellers") in connection with our acquisition of Razorsight, commenced arbitration against us with respect to a dispute over the amount due to the Sellers as additional consideration. Under the Razorsight purchase agreement, the Sellers are entitled to a percentage of any revenue recognized by us generated from the sale or licensing of Razorsight products in 2016 after a specific revenue threshold is obtained. The parties disagreed over the determination of the amount of revenue we recognized in 2016. The parties entered into an agreement resolving the arbitration in May 2018.

Except as set forth above, the Company is not currently subject to any legal proceedings that could have a material adverse effect on its operations; however, it may from time to time become a party to various legal proceedings arising in the ordinary course of its business. The Company is currently the plaintiff in several patent infringement cases. The defendants in several of these cases have filed counterclaims. Although the Company cannot predict the outcome of the cases at this time due to the inherent uncertainties of litigation, the Company continues to pursue its claims and believes that the counterclaims are without merit, and the Company intends to defend all of such counterclaims.

21. Subsequent Events Review

Nasdaq Compliance

On February 6, 2018, the Company received a notification letter from a Hearings Advisor from the Nasdaq Office of General Counsel informing the Company that the Panel granted the Company's request for an extension until May 10, 2018 to become current with its filings with the SEC. Additionally, the extension was subject to the Company providing the Panel with periodic updates regarding its ongoing restatement of its financial statements and providing the Panel with an update issued to investors on or before March 31, 2018. The Panel granted the Company the maximum possible extension until the expiration of the Panel's discretion to allow continued listing while the Company remained out of compliance with Nasdaq's continued listing requirements. To comply with the Nasdaq extension requirements, the Company issued an update to investors on March 28, 2018.

On May 4, 2018, the Company informed the Panel of its determination that it would be unable to satisfy the May 10, 2018 deadline. On May 11, 2018, the Company received a notification letter from the Panel indicating that trading in the Company's common stock was suspended effective at the open of business on May 14, 2018. The Panel also determined to delist the Company's shares from Nasdaq after applicable appeal periods have lapsed. The Company has appealed the decision to the Nasdaq Listing and Hearing Review Council. During the appeal process, the Company's stock remains listed however trading in the Company's common stock on Nasdaq remains suspended. While the Company's common stock is suspended from trading on Nasdaq, the Company's shares are currently quoted on the OTC Markets under the trading symbol SNCR.

2019 Notes Notice

On June 13, 2018, The Bank of New York Mellon, in its capacity as trustee (the "Trustee") under the indenture dated as of August 12, 2014 (the "Indenture") governing the Company's 0.75% Convertible Senior Notes due in 2019 (the "2019 Notes"), filed a verified complaint with the Court of Chancery of the State of Delaware, captioned The Bank of New York Mellon, as Indenture Trustee v. Synchronoss Technologies, Inc. (the "BNY Action"). The BNY Action complaint alleges that as a result of our common stock ceasing to be listed or quoted on Nasdaq and that an Event of Default under the Indenture has occurred as a result of our failure to provide a notice of such Fundamental Change, which, if true, following notice from holders of more than 25% of the outstanding principal under the Notes would trigger the acceleration of the principal and interest outstanding under the 2019 Notes. The complaint seeks a declaratory judgment that (i) a Fundamental Change occurred, (ii) the Company improperly failed to issue a Fundamental Change Company Notice (as defined in the Indenture), (iii) an Event of Default has occurred (as defined in the Indenture), (iv) the Notes have been accelerated, (v) outstanding principal and outstanding unpaid interest on the Notes became immediately due and payable as of June 11, 2018 and (vi) post-judgment interest shall accrue at the statutory rate from the date of declaratory judgment. The Company does not believe that a Fundamental Change has occurred under the Indenture. Therefore, the Company does not believe that any Event of Default, as defined in the Indenture, has occurred or is continuing and does not believe that the Trustee or any holders have a right to declare obligations under the Indenture due and payable. As such, the Company believes that the asserted claims lack merit, and the Company intends to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the BNY Action at this time, and the Company can give no assurance that the asserted claims will not have a material adverse effect on the Company's financial position or results of operations.

Preferred Shares

See *Note 13 - Capital Structure* sub-section "*Subsequent Events-Preferred Shares*" for a description of the terms of the PIPE Purchase Agreement with Silver on February 15, 2018, in which the Company issued Series A Preferred Stock.

SNCR LLC

During the fourth quarter of 2017, the Company entered into a termination agreement with Goldman to terminate the venture, and provide a perpetual, irrevocable license of the venture's intellectual property for use in Goldman's back-office. As part of the agreement, the Company was relieved of any future obligations to support Goldman's use of the software. The venture formally ended in the first quarter of 2018**.**

Acquisition of honeybee

In May 2018, the Company completed the acquisition of the honeybee software business, a provider of digital solutions targeted at optimizing the customer experience from Dixons Carphone plc. honeybee offers a digital transformation platform that makes it easier for companies to design and launch omni-channel customer journeys. The Company paid cash consideration of approximately $10.7 million. Customers of the honeybee platform, such as mobile operators and other communication service providers, can rapidly create and adapt digital sales processes for contact centers, retail stores, and online channels. This reduces complexity for the end-user as well as internal employees, while delivering a single customer experience at all touch-points and improved business outcomes such as reduced cost and increased revenue.

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

Not applicable.

ITEM 9A. *CONTROLS AND PROCEDURES*

Overview

In connection with the preparation of the Company's Form 10-Q for the first quarter of 2017, the Audit Committee of the Company's Board of Directors (the "Audit Committee") authorized an investigative review by independent counsel and a third-party forensic consulting firm acting at the direction of independent counsel (such Investigation, the "Audit Committee Investigation"). The Audit Committee Investigation addressed transactions requiring restatement, other areas of accounting, internals control over financial reporting and employee conduct.

Due to the accounting and financial reporting errors identified by the Audit Committee Investigation, as more fully described below, and based upon the recommendation of management, the Company has restated its consolidated financial statements for the fiscal years ended December 31, 2016, and 2015, and each of the respective quarters within those fiscal years. The restatement also affects periods prior to fiscal year 2015, with the cumulative effect of the restatement being reflected as prior period corrections to the fiscal year 2015 opening balance of retained earnings. Refer to *Management's Discussion and Analysis of Financial Condition and Results of Operations* as well as *Note 2 - Restatement of Previously Issued Financial Statements* for a more detailed description of the restatement.

Notwithstanding the material weaknesses described below, current management believes, and our Principal Executive Officer and Principal Financial Officer have certified that, the consolidated financial statements and unaudited interim financial information included in this Form 10-K fairly present, in all material respects, our financial condition, results of operations and cash flows as of the dates, and for each of the periods presented, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") based on a number of factors including, but not limited to: (i) the completion of the Audit Committee Investigation and substantial resources expended (including the use of external consultants) in response to the findings of material weaknesses, (ii) internal reviews, including of matters addressed in the investigation that identified material accounting errors, which in turn led to the restatement of previously issued financial statements, and (iii) the commencement of certain remediation actions, as discussed further below.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), that are designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In connection with the Audit Committee Investigation and management's review of financial records, our management, including our Principal Executive Officer and our Principal Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2017. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were ineffective as of December 31, 2017 because of the restatement of previously issued financial statements noted above, and the material weaknesses in our internal control over financial reporting as further described below.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d(f) under 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 U.S. GAAP. Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- 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
- 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.

Under the supervision and with the participation of our management, including our Principal Executive Officer and our Principal Financial Officer, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2017 based on criteria established in Internal Control - Integrated Framework (2013) (the "COSO framework") issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

As of December 31, 2017, management has identified pervasive material weaknesses in our internal control processes that involve the control environment, risk assessment, control activity, information and communication and monitoring components of the COSO framework.

Specifically, the material weaknesses relate to the following as of December 31, 2017:

Under the COSO Framework, the board of directors and senior management establish the tone at the top regarding the importance of internal controls and management reinforces expectations at the various levels of the company. Management has identified the following material weaknesses:

- We did not always ensure that the four basic elements of revenue recognition were achieved prior to revenue recognition and all elements within multiple element arrangements were identified and accounted for appropriately.
- We did not maintain adequate oversight that guided individuals in applying internal control over financial reporting in preventing or detecting material accounting errors, or omissions, due to inadequate information and, in certain instances, compliance with the Company's revenue recognition policies.
- We did not always ensure that relevant information was timely communicated within our organization, to our independent directors, the Audit Committee, and our independent auditors.
- We did not generate and provide quality information and communication based on the criteria established in the COSO framework, and have identified control deficiencies in the principles associated with the information and communication component of the COSO framework that constitute material weaknesses, either individually or in the aggregate, relating to: (i) obtaining, generating, and using relevant quality information to support the function of internal control, and (ii) communicating accurate information internally and externally, including providing information pursuant to objectives, responsibilities and functions of internal control.

Specifically, deficiencies related to:

- We did not design and maintain adequate review and approval controls, including the use of appropriate technical accounting expertise, when recording complex or non-routine transactions such as those involving revenue recognition, acquisitions and divestitures, and asset impairment, including ensuring transactions are appropriately accounted for from a substance over form perspective.
- We did not maintain sufficient personnel with an appropriate level of accounting knowledge, experience, and training in the application of US GAAP commensurate with the size of the entity and nature and complexity of financial reporting requirements.
- We did not design and maintain effective review and approval controls over the period-end reporting process, including maintaining sufficient formal, written policies and procedures governing the financial statement close process.
- We did not maintain adequate polices procedures and documentation to support an effective IT general control environment. Our management identified control deficiencies in the operating effectiveness of information technology general controls ("ITGC"s) related to information technology ("IT") application systems, databases and operating systems throughout the organization that are used for financial reporting purposes. Specifically, we did not establish effective program change and user access controls which restricted user access to IT applications consistent with their assigned authorities and responsibilities. Consequently, automated processes and controls over financial reporting which are dependent upon effective ITGCs, and manual controls which are dependent upon the completeness and accuracy of the information generated from the IT systems, were ineffective.

- We did not maintain an Internal audit group to provide oversight which limited our ability to effectively monitor internal controls.
- We did not consistently maintain a corporate culture that prevented the occurrence of certain deviations from Company policy.

The material weaknesses described above resulted in the restatement of the Company’s annual consolidated financial statements for the fiscal years ended December 31, 2016 and December 31, 2015. Furthermore, these control deficiencies could have resulted in other misstatements in financial statement accounts and disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that might not have been prevented or detected.

The Company’s independent registered public accounting firm audited the effectiveness of internal control over financial reporting as of December 31, 2017. Their report is set forth herein. The Company’s independent registered public accounting firm has issued an unqualified opinion on the Company’s consolidated financial statements for 2017, which is included in Part II, Item 8 of this Form 10-K.

Remediation of Material Weaknesses in Internal Control Over Financial Reporting

Following the identification of the material weaknesses described above, and with the oversight of the Audit Committee, management is committed to the planning and implementation of remediation efforts to address these material weaknesses. The remediation efforts, summarized below, which are either implemented or in process, are intended to both address the identified material weaknesses and strengthen our overall financial control environment. In this regard, our initiatives include:

<u>Control Environment</u>

- *CEO Communications to Reinforce Compliance* - The Company’s Chief Executive Officer, at the direction of the Company’s Board of Directors, has reinforced the importance of adherence to the Company’s policies and procedures regarding ethics and compliance and the importance of identifying misconduct and raising and communicating concerns. This reinforcement has occurred through email and employee newsletter communications, staff meetings, remarks given to senior management during strategic planning sessions, as well as other employee forums. The Company’s Chief Executive Officer has also expressed to the Company’s Board of Directors his commitment to an enhanced control environment.

- *Organizational Enhancements* - The Company has identified and begun to implement several organizational enhancements, as follows: (i) the creation of a new position, Director of Revenue Recognition, which has been filled and will be responsible for all aspects of the Company's revenue recognition policies, procedures and the proper application of accounting to the Company’s sales arrangements; (ii) the identification and hiring of a Director of Technical Accounting, who will have the responsibility and authority to ensure that U.S. GAAP and accounting for complex or non-routine transactions that require specialized accounting are appropriately applied corporate-wide; (iii) the establishment of an Internal Audit function that will report directly to the Audit Committee; (iv) the enhancement of the Company’s organizational structure over all finance functions and an increase in the Company’s accounting personnel with the requisite knowledge, experience, and training in U.S. GAAP to ensure that a formalized process for determining, documenting, communicating, implementing and monitoring controls over the period-end financial close and reporting processes is maintained.

- *Revenue Practices* - The Company has evaluated its revenue practices and has begun implementing improvements in those practices, including: (i) the development of more comprehensive revenue recognition policies and improved procedures to ensure that such policies are understood and consistently applied; (ii) better communication among all functions involved in the sales process (e.g., sales, business unit, legal, accounting, finance, business development); (iii) increased standardization of contract documentation and revenue analyses for individual transactions, including increased oversight of revenue opportunities and contract review by personnel with the requisite accounting knowledge to identify revenue-impacting terms and consider potential downstream effects; and (iv) the development of a more comprehensive review process and monitoring controls over contracts with customers to ensure accurate accounting for multiple-element arrangements and the preparation of accounting memoranda.

- *Significant Transactions* - The Company has evaluated its practices related to significant non-recurring transactions and has begun implementing improvements in those practices, including: (i) better communication among all functions involved in the execution of and accounting for such transactions (e.g., business development, legal, accounting, finance, sales), including regular touch points; (ii) more formalized practices for assessing the internal knowledge, experience and bandwidth to account for significant non-recurring transactions internally versus the need to engage an external third-party; and (iii) the development of a more comprehensive review process and monitoring controls over significant transactions (e.g., acquisitions, mergers, divestitures, joint ventures, disposals, etc.) to ensure accurate accounting and the preparation of accounting memoranda.

- *Control Design Remediation* - The Company has performed a review of key business process controls related to high-risk financial statement accounts, such as revenue, significant transactions, capitalized software, accounts receivable, treasury and financial close, which resulted in the redesign of existing controls and the addition of newly developed / documented control activities, in order to mitigate known risks and strengthen the overall control environment. Documentation supporting each process identifies existing control design gaps and recommendations for remediation. The Company intends to perform a similar review of additional business process and information technology controls related to processes such as entity level controls, fixed assets, procure-to-pay, payroll, equity, and cash receipts.

- *Accounting and Compliance Training* - The Company has initiated development of a comprehensive revenue recognition and contract review training program that has been focused on the impacts of adopting ASC 606, Revenue from Contracts with Customers. This training is focused on senior-level management and customer-facing employees, as well as finance, sales and marketing personnel.

<u>Training Practices</u>

- *Training Practices* - The Company has initiated enhancements to its internal controls by providing additional and ongoing training to employees with customer facing responsibilities regarding international sales and accounting practices, the Foreign Corrupt Practices Act, Code of Conduct and acceptable structures of international sales contracts.

<u>Control Activities</u>

- *Implementation and Enhancement of Business Process and IT Controls* - The Company intends to implement effective control activities that contribute to the mitigation of risks and establish procedures that put policies into action. This will include redesigned existing controls and newly developed or documented controls, resulting from the Company’s control design remediation efforts described above. Control activities will be performed and reviewed to remediate prior SOX testing deficiencies, such as failures related to IT change management procedures, user access management controls, and management review controls.

- *Implementation and Enhancement of Entity Level Controls* - The Company intends to enhance existing entity level controls as a result of the control design remediation efforts and Audit Committee recommendations, and implement the following new entity level controls around the quarterly/annual financial reporting process:

    - Sub-certification Process: Key process owners each quarter (as part of the Form 10-Q and 10-K preparation) will complete a sub-certification questionnaire and checklist to support how the process owner reached the conclusion that controls are operating effectively in their respective areas and provide an opportunity to highlight any concerns they have related to internal control over financial reporting. In addition, this will require the process owner to indicate any changes in processes, controls or key personnel during the period.

    - Disclosure Committee Certification Process: A formal certification process by the members of the disclosure committee will occur focused on full disclosure of information requiring disclosure to the CEO and CFO, disclosure of any and all control deficiencies or material weaknesses, any knowledge of or instances of fraud, and any other known violations to laws, regulations or Company policies.

<u>Information and Communication</u>

- *Establishment of Disclosure Committee* - A formal disclosure committee will be established that includes key members of management that have responsibility for disclosure information necessary for periodic reports filed with the SEC. This committee will meet on an as-needed basis as well as prior to the Audit Committee meeting in which the Form 10-K, Form 10-Q or other relevant Exchange Act document will be approved and will conduct follow-up meetings as necessary. The meeting will cover all significant events from the period being reported upon and supporting information. A charter will be developed governing the conduct of this committee and a formal agenda will be distributed prior to each meeting and minutes will be maintained and published for each meeting.

- *Non-recurring transaction reviews* - A recurring “NRT” review meeting cadence will be established for key stakeholders within the Company to identify and discuss potentially significant transactions. Meetings will be attended by process owners across various functions or departments, both domestic and international, to promote regular and effective communication between finance and non-finance personnel, and to ensure that information related to significant transactions is communicated timely.

- *Finance Considerations* - The Company intends to implement new controls and business practices identified during the control design remediation to enhance communication between finance and other internal groups and ensure information is obtained and applied timely, including:

  – Increased communication between finance and all functions involved in sales, specific to the satisfaction of performance obligations and ultimate recognition of revenue, as well as the termination, modification, or combination of revenue arrangements.

  – Increased communication between finance and all functions involved in the identification, evaluation and execution of significant transactions, especially when such transactions include a sales element.

  – Increased communication between finance and all functions involved in the tracking of capitalized software development costs, to (i) ensure development time is tracked at the appropriate level of precision to match the asset being capitalized, and (ii) confirm the status of features being developed, which drives the recognition of amortization and/or impairment.

- *Information Technology* - Based on the results of the control design remediation, the Company intends to design, implement, and review Information Technology General Controls ("ITGCs") to ensure effectively operating user access management and change management procedures. These controls will mitigate the risk of inappropriate or unrestricted access to Company information, applications and systems.

Monitoring Activities and Risk Assessment

- *Internal Audit Function Assessment* - The Company intends to establish a formal Internal Audit function. This function will be responsible for performing the following tasks on a go-forward basis:

  – Performing a formalized risk assessment to identify relevant accounts and assertions, and design control procedures that relate to the relevant risks.

  – Revising the process and internal controls for accurate recording, presentation and disclosure of revenue, and review and approval of complex and non-routine transactions including treatment of goodwill, and capitalization of internally developed software, to require the involvement of appropriately qualified accountants from the corporate Technical Accounting group.

  – Assessing the effectiveness of entity level controls and any enhancements required to strengthen the control environment, such as changes to the whistleblower hotline.

  – Conducting ongoing evaluations of key business processes and ITGCs.

  – Evaluating and communicating deficiencies related to business processes or ITGCs and monitoring the appropriate corrective action, to maintain an effective control environment.

To support the execution of this remediation plan, the Company has also engaged additional external resources to aid and supplement the Company's existing internal resources.

We believe the foregoing efforts, when fully implemented and operational, will effectively remediate the material weaknesses described above and strengthen our internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address these control deficiencies or modify the remediation plan described above. We cannot assure you, however, when we will remediate such weakness, nor can we be certain of whether additional actions will be required.

Changes in Internal Controls Over Financial Reporting

Excluding the changes described above under “Evaluation of Disclosure Controls and Procedures,” including the on-going remediation efforts described above, there were no changes in our internal control over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The Company’s management, including its Principal Executive Officer and Principal Financial Officer, does not expect that its disclosure controls or its internal control over financial reporting 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. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. 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 controls. 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 policies or procedures may deteriorate. Because of the inherent limitations in all cost-effective control systems, misstatements due to error or fraud may occur and not be detected.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Synchronoss Technologies, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Synchronoss Technologies, Inc.'s (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

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 the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment. Management has identified pervasive material weaknesses throughout the Company's internal control processes that involve the control environment, risk assessment, control activity, information and communication, and monitoring components of the COSO framework.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and schedule listed in the Index at Item 15(a)(2). These material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2017 consolidated financial statements, and this report does not affect our report dated June 29, 2018, which expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible 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 internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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.

/s/ Ernst & Young LLP
Iselin, New Jersey
June 29, 2018

ITEM 9B. ***OTHER INFORMATION***

None.

PART III

ITEM 10. *DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT*

EXECUTIVE OFFICERS, KEY EMPLOYEES AND DIRECTORS

Current Executive Officers

The following table sets forth the name, age (as of the date of this Form 10-K) and position of each of our executive officers as of the date of this Form 10-K and December 31, 2017. Information as of June 15, 2018 about the number of shares of Common Stock beneficially owned by each of the individuals designated as an executive officer as of the date of this Form 10-K, whether held directly or indirectly, appears below under the heading "*Equity Security Ownership of Certain Beneficial Owners and Management*."

Name	Age	Current Positions
Stephen G. Waldis	51	Executive Chairman and Founder
Glenn Lurie	52	President, Chief Executive Officer and Director
Lawrence Irving	61	Chief Financial Officer and Treasurer
Robert E. Garcia	49	Chief Commercial Officer
Mary Clark	52	Chief Marketing Officer and Executive Vice President, Products
Ronald J. Prague	55	Chief Legal Officer and Secretary
Patrick J. Doran	45	Chief Technology Officer
Kevin Hunsaker	53	Chief People Officer
Christopher Putnam *	48	President and General Manager, Americas
Daniel Rizer **	54	Chief Strategy Officer

* Mr. Putnam will be leaving the Company effective June 30, 2018.

** Mr. Rizer left the Company effective March 31, 2018.

Directors

The following table includes the name, age (as of the date of this Form 10-K) position, class and term expiration year for each of our directors and is current as of the date of this Form 10-K. Information about the number of shares of common stock beneficially owned by each director, whether held directly or indirectly, as of the date of June 15, 2018, appears below under the heading "*Equity Security Ownership of Certain Beneficial Owners and Management*."

Name	Age	Position	Class	Term Expiration Year
Stephen G. Waldis	51	Executive Chairman of the Board	Class III	2018
Glenn Lurie	52	President, Chief Executive Officer and Director	Class III	2018
William J. Cadogan	69	Director	Class III	2018
Thomas J. Hopkins	61	Director	Class II	2020
James M. McCormick	58	Director	Class I	2019
Donnie M. Moore	69	Director	Class I	2019
Frank Baker	44	Director	(a)	(a)
Peter Berger	67	Director	(a)	(a)
Robert Aquilina	67	Director	Class II	2020

(a) Messrs. Baker and Berger (together, the "Series A Directors") were appointed to the Board on February 15, 2018 in connection with the sale of the Company's Series A Convertible Participating Perpetual Preferred Stock (the "Series A Preferred Stock") pursuant to the Company's Certificate of Designations (the "Series A Certificate"). Pursuant to Section 8(b) of the Series A Certificate, the Series A Preferred Directors are not subject to the classified board of directors provisions of Article VI of the Company's Restated Certificate of Incorporation and accordingly are not classified into Class I, Class II or Class III and their term only expires pursuant to the terms of the Series A Certificate.

The following paragraphs provide information, as of the date of this Form 10-K, about our executive officers and directors:

Executive Officers

Stephen G. Waldis has served as our Executive Chairman since November 2017, having served as Chairman of the Board of Directors since 2001, as our Chief Executive Officer from 2000 to January 2017 and from April 2017 to November 2017, and as our President from 2000 until 2011. Mr. Waldis also previously served as our Executive Chairman from January 2017 to April 2017. Before founding Synchronoss, Mr. Waldis served as Chief Operating Officer at Vertek Corporation, a privately held professional services company serving the telecommunications industry, from 1994 to 2000. From 1992 to 1994, Mr. Waldis served as Vice President of Sales and Marketing of Logical Design Solutions, a provider of telecommunications and interactive solutions. From 1989 to 1992, Mr. Waldis worked in various technical and product management roles at AT&T. Mr. Waldis received a degree in corporate communications from Seton Hall University. Our Board believes Mr. Waldis' qualifications to sit on our Board include his extensive experience in the software and services industry, and serving as our Chief Executive Officer and as one of our founders.

Glenn Lurie has served as our President and Chief Executive Officer and a Director since November 2017. Prior to joining Synchronoss, Mr. Lurie held significant leadership and operations positions at AT&T, most recently serving as President and Chief Executive Officer of AT&T's Mobility and Consumer Operations until his retirement from AT&T in September 2017. Prior to his promotion to President and Chief Executive Officer of AT&T's Mobility and Consumer Operations, Mr. Lurie served in a number of senior executive roles at AT&T, and led the team responsible for negotiating its exclusive U.S. agreement with Apple Inc. to launch the first iPhone in 2007. Mr. Lurie is active in industry associations and within the community. He most recently served as chairman of the board for the Consumer Technology Industry Association in 2016. Mr. Lurie is a member of the Board of Directors of Avis Budget Group, Inc. Mr. Lurie received a degree in business/marketing from Seattle Pacific University. Our Board believes Mr. Lurie's qualifications to sit on our Board of Directors include his thirty years of experience in the telecommunications and wireless industries and serving as a senior executive at large software companies.

Lawrence Irving has served as our Chief Financial Officer and Treasurer since April 2017. Mr. Irving was previously Synchronoss' Chief Financial Officer and Treasurer from July 2001 to April 2014. Before joining Synchronoss, from 1998 to 2001, Mr. Irving served as Chief Financial Officer and Treasurer at CommTech Corporation, a telecommunications software provider that was acquired by ADC Telecommunications. From 1995 to 1998, Mr. Irving served as Chief Financial Officer of Holmes Protection Group, a publicly traded company which was acquired by Tyco International. Mr. Irving is a certified public accountant and a member of the New York State Society of Certified Public Accountants. Mr. Irving received a degree in accounting from Pace University.

Robert E. Garcia has served as our Chief Commercial Officer since November 2017 and previously as our President and Chief Operating Officer from 2007 to November 2017. Prior to that position, Mr. Garcia served in various positions at Synchronoss, including Executive Vice President of Operations and Service Delivery and General Manager of Synchronoss' western office since joining Synchronoss in August 2000. Before joining Synchronoss, Mr. Garcia was a Senior Business Consultant with Vertek Corporation from January 1999 to August 2000. Mr. Garcia has also held senior management positions with Philips Lighting Company and Johnson & Johnson Company. Mr. Garcia received a degree in logistics and economics from St. John's University.

Ronald J. Prague has served as our Chief Legal Officer and Secretary since joining Synchronoss in 2006. Before joining Synchronoss, Mr. Prague held various senior positions with Intel Corporation from 1998 to 2006, including as Group Counsel for Intel's Communications Infrastructure Group. Prior to joining Intel, Mr. Prague practiced law with the law firms of Haythe & Curley (now Torys LLP) and Richards & O'Neil (now Morgan, Lewis & Bockius LLP). Mr. Prague received a Juris Doctor from Northwestern Pritzker School of Law and received a degree in business administration and marketing from Cornell University.

Mary Clark joined Synchronoss in January 2018 as Chief Marketing Officer and Executive Vice President, Product. Prior to joining Synchronoss, Ms. Clark held various executive positions at Syniverse, Inc. from 2009 to January 2018, including Senior Vice President, Roaming Business Unit as well as Chief Marketing Officer. Ms. Clark received a degree in Communications from the University of Delaware.

Patrick J. Doran has served as our Chief Technology Officer since January 2007. Prior to that position, Mr. Doran served in various positions, including Vice President of Research and Development, Chief Architect and Senior Software Engineer, since joining Synchronoss in 2002. Before joining Synchronoss, Mr. Doran was a Senior Development Engineer at Agility Communications from 2000 to 2002, Member of Technical staff at AT&T/Lucent from 1996 to 2000 and a Software Engineer at General Dynamics from 1995 to 1996. Mr. Doran received a degree in Computer and Systems engineering from Rensselaer Polytechnic Institute and a Master's Degree in Systems and Industrial Engineering from Purdue University.

Kevin Hunsaker has served as our Chief People Officer since joining Synchronoss in March 2016 in connection with our acquisition of Openwave Messaging, Inc. ("Openwave"). Prior to joining Synchronoss, Mr. Hunsaker was General Counsel and VP of Human Resources of Openwave from July 2015 until Synchronoss' acquisition of Openwave. Prior to that, Mr. Hunsaker was Vice President of Human Resources at Deem, Inc. from 2011 to 2015. Mr. Hunsaker holds a Juris Doctor from Golden Gate University and a Bachelor of Arts from the University of California, Davis.

Daniel Rizer served as our Chief Strategy Officer from November 2017 until he left the Company on March 31, 2018. Prior to that position, Mr. Rizer served as Executive Vice President of Business Development since joining the Company in 2008. Before joining Synchronoss, Mr. Rizer was the Chief Operating Officer for Motricity from 2005 to 2008. Mr. Rizer has also held senior positions with IBM and Accenture. Mr. Rizer received his Bachelor of Science in Operations Management from Auburn University, and received a Master of Science in Management Information Systems from Boston University.

Christopher Putnam has served as our President and General Manager, Americas since November 2017. Prior to that position, Mr. Putnam served in various positions in our sales organization including Executive Vice President of Sales from January 2004 until March 2013 and from October 2013 until November 2017. Mr. Putnam will be leaving the Company on June 30, 2018. Prior to joining Synchronoss, Mr. Putnam served as Director of Sales for Perot Systems' telecommunications business unit from 1999 to 2004. Mr. Putnam received a degree in communications from Texas Christian University.

Non-Employee Directors

Robert Aquilina has been an Executive Partner (a senior advisory role) for Siris Capital Group, LLC since 2011. Mr. Aquilina was an executive of AT&T, Inc. for 22 years, with his last position being Co-President of AT&T Consumer Services and a member of the Chairman's Operating Group. Previously within AT&T, Mr. Aquilina held a variety of senior positions including President of Europe, Middle East & Africa; Vice Chairman of AT&T Unisource; Vice Chairman of WorldPartners; and General Manager of Global Data Services. Mr. Aquilina has an M.B.A. from University of Chicago and received a degree in Engineering from The Cooper Union for the Advancement of Science and Art. Our Board believes Mr. Aquilina's qualifications to sit on our Board include his extensive business experience and his years of experience providing strategic advisory services to complex organizations.

Frank Baker is a Managing Partner of Siris Capital, which he co-founded in 2011and is a board member of all Siris portfolio companies. Mr. Baker has an M.B.A. from Harvard Business School and a degree in Economics from the University of Chicago. Mr. Baker also serves as a trustee of the University of Chicago. Our Board believes Mr. Baker's qualifications to sit on our Board include his extensive financial expertise and his years of experience providing strategic advisory services to complex organizations.

Peter Berger is a Managing Partner of Siris Capital, which he co-founded in 2011 and is a board member of all Siris portfolio companies. Mr. Berger has an M.B.A. from Columbia University Graduate School of Business and received a degree in Math and Accounting from Boston University. Our Board believes Mr. Berger's qualifications to sit on our Board include his extensive financial expertise and his years of experience providing strategic advisory services to complex organizations.

William J. Cadogan served as a Senior Managing Director with Vesbridge Partners, LLC, formerly St. Paul Venture Capital, a venture capital firm, from 2001 until 2006. Mr. Cadogan served as Chief Executive Officer and Chairman of the board of directors of Mahi Networks, Inc., a leading supplier of multi-service optical transport and switching solutions, from November 2004 until its merger with Meriton Networks in October 2005. Prior to joining St. Paul Venture Capital in 2001, Mr. Cadogan was Chairman and Chief Executive Officer of ADC, Inc., a leading global supplier of telecommunications infrastructure products and services. Mr. Cadogan received a Bachelor of Arts degree in electrical engineering from Northeastern University and an M.B.A. from the Wharton School at the University of Pennsylvania. Our Board believes Mr. Cadogan's qualifications to sit on our Board include his experience as a CEO leading complex global organizations, combined with his operational and corporate governance expertise.

Thomas J. Hopkins is a Managing Director of Colchester Capital, LLC, an investment firm. Prior to Colchester Capital, Mr. Hopkins was involved in investment banking, principally at Deutsche Bank (and its predecessor Alex, Brown & Sons), Goldman, Sachs & Co. and Bear Stearns. He began his investment banking career at Drexel Burnham Lambert. Prior to investment banking, Mr. Hopkins practiced law at several law firms. Mr. Hopkins received a Bachelor of Arts degree from Dartmouth College, a juris doctorate from Villanova University School of Law and an M.B.A. from the Wharton School at the

University of Pennsylvania. Our Board believes Mr. Hopkins' qualifications to sit on our Board include his extensive financial expertise and his years of experience providing strategic advisory services to complex organizations.

James M. McCormick is a founder of Synchronoss, has been a member of our Board since our inception in 2000 and served as our Treasurer from September 2000 until December 2001. Mr. McCormick is founder and Chief Executive Officer of Vertek Corporation. Prior to founding Vertek in 1988, Mr. McCormick was a member of the Technical Staff at AT&T Bell Laboratories. Mr. McCormick received a Bachelor of Science degree in computer science from the University of Vermont and a master of science degree in computer science from the University of California, Berkeley. Our Board believes Mr. McCormick's qualifications to sit on our Board include his over 25 years in the consulting, telecommunications and services business, as well as being one of our founders.

Donnie M. Moore was Senior Vice President, Finance and Administration and Chief Financial Officer for Cognos Incorporated, a publicly-held company providing business intelligence and performance management solutions, from 1989 until his retirement in 2001. From 1986 to 1989, Mr. Moore was Vice President, Finance and Chief Financial Officer of Cognos. Before joining Cognos, Mr. Moore held various positions at the Burroughs Corporation from 1973 to 1986, including Corporate Director, Plans and Analysis. Mr. Moore holds a Bachelor of Science degree in engineering from the University of Oklahoma and an M.B.A. from the University of Houston. Our Board believes Mr. Moore's qualifications to sit on our Board include his extensive experience in the software industry and his financial expertise.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Synchronoss is committed to excellent corporate governance, which we believe helps us to sustain our success and build long-term value for our stockholders. Our Board has adopted Corporate Governance Guidelines (the "**Guidelines**") that set forth the framework within which our Board can effectively function and govern our affairs. The Guidelines address, among other things, the composition and responsibilities of our Board, director independence, management succession planning and evaluation, access to information, executive sessions, communication with stockholders, target ownership by and remuneration of our directors, Board committees and selection of new directors. We have also adopted a Code of Business Conduct (the "**Code**") that applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer, or those serving similar functions) and directors. The Guidelines and Code are available on the Investor Relations section of our website at *www.synchronoss.com*.

Our Board regularly reviews legal and regulatory requirements, evolving best practices and other developments and may modify, waive, suspend or repeal the Guidelines or Code from time to time as it deems necessary or appropriate in the exercise of our Board's judgment or in the best interests of our stockholders. If we make any substantive amendments to the Guidelines or the Code, we will promptly disclose the nature of the amendment or waiver on our website to the extent required by applicable law or regulations.

Board Leadership Structure

Consistent with the Guidelines, our Board believes it is important to retain its flexibility to allocate the responsibilities of our Chief Executive Officer ("CEO") and Chairman of the Board in any way that is in the best interests of our Company based on the circumstances existing at a particular point in time. Our Board believes that it should periodically assess who should serve these roles and whether the offices should be served independently or jointly, and that our Board should not be restricted by any strict policy directive when making these decisions. In addition, our Board continually evaluates its leadership structure to ensure that the Board is structured to address the best interests of our Company and our stockholders as they evolve over time.

Currently and effective as of Mr. Lurie's appointment in November 2017, our Board has determined that our Company and our stockholders are best served by having Mr. Waldis, one of our founders, serve as our Executive Chairman of the Board, and Mr. Lurie serve as our CEO and a member of our Board. As CEO, Mr. Lurie is the individual with primary responsibility for managing our day-to-day operations, setting our overall business strategy, and ensuring the successful growth of our business. Mr. Waldis' in-depth experience as our founder and long-time CEO and Chairman of the Board position him well to serve now as our Executive Chairman of the Board, where he will remain on our Board, managing our funnel for sales of new communication and media products, assisting on certain business development activities, and providing other consultative support to the CEO, upon his request.

Independence of Our Board of Directors

Each year, as part of our assessment of director independence, our Nominating/Corporate Governance Committee and our full Board conduct a review of the financial and other relationships between each director, or any of their immediate family members, and our Company, our senior management, companies with whom we have business dealings and our independent registered public accounting firm. Our Board also consults with our legal counsel to ensure that its determinations are consistent with all relevant laws and regulations regarding the definition of independence, including those set forth in pertinent listing standards of the Nasdaq Global Market ("Nasdaq"), as amended from time to time. Consistent with those considerations, after review of all relevant transactions or relationships, our Board has affirmatively determined that all of our directors are independent directors within the meaning of the applicable Nasdaq listing standards except for Stephen G. Waldis, who serves as our Executive Chairman, and Glenn Lurie, who serves as our CEO. Our independent directors meet in regularly scheduled executive sessions where only independent directors are present. Mr. Cadogan presides over those sessions. There are no family relationships among any of our directors or executive officers.

Board of Directors Oversight of Risk Management

Risk is inherent with every business and how well a business manages risk can ultimately determine its success. We face a number of risks, including risks relating to our operations, strategic direction and intellectual property as more fully discussed under the heading "Risk Factors" in this Form 10-K and our other SEC filings. Assessing and managing risk is the responsibility of our management. Our Board oversees management in the execution of its responsibilities and for assessment of our approach to risk management. An overall review and assessment of risk is inherent in our Board's consideration of our business plans, strategies and other significant developments. Additionally, our Board regularly reviews various risks arising out of transactions and other matters that are presented to our Board and when making decisions impacting us. At least annually, our Board also reviews and analyzes the strategic and operational risks and opportunities that face our Company as a whole, as well as those related to specific areas of our business.

Our Board delegates the oversight of certain categories of risk affecting our Company to designated Board committees, who report their findings to our full Board. Our Audit Committee is responsible for overseeing our Board's execution of its risk management oversight responsibility, including discussing guidelines and policies governing the process by which our management assess and manage our exposure to major financial risk exposures and the steps management has taken to monitor and control such exposures, based on consultation with our management and independent auditors. Our Audit Committee also annually reviews the audit plan of management, our information technology risks and mitigation strategies, the domestic and international tax function and treasury operations and conformity with ethics and compliance standards. In addition, our Board has delegated to other Board committees the oversight of risks within their areas of responsibility and expertise. For example, our Compensation Committee oversees the risks associated with our compensation practices, including an annual assessment of our compensation policies and practices for our employees.

Board Self-Evaluation

Our Nominating/Corporate Governance Committee oversees a biennial self-evaluation process to analyze and review our Board's performance and the performance of each of the members of our Board. Our Nominating/Corporate Governance Committee reviews these results and discusses them with our full Board with the intention of utilizing them to enhance our Board's effectiveness and, if necessary, develop action plans.

Stockholder Communications with Our Board of Directors

Stockholders may communicate with our management and independent directors by sending a letter to Synchronoss Technologies, Inc., 200 Crossing Boulevard, Bridgewater, New Jersey 08807, Attention: Secretary. Each communication should set forth the (i) name and address of the stockholder as they appear on our books and, if the shares of our Common Stock are held by a broker, bank or other agent, the name and address of the beneficial owner of such shares, and (ii) number of shares of our Common Stock that are owned of record by such record holder and/or beneficially by such beneficial owner. Our Secretary will review all communications from stockholders and has the authority to disregard any inappropriate communications or take other appropriate actions with respect to any inappropriate communications. If deemed an appropriate communication, our Secretary will forward it, depending on the subject matter, to the chairperson of a committee of our Board or a particular director, as appropriate.

Board of Directors and Committee Duties

Our Board oversees, counsels and directs management in the long-term interests of our Company and our stockholders. Our Board, individually and through its committees, is responsible for:

- overseeing the conduct, assessment and other operational risks to evaluate whether our business is being properly managed;
- reviewing and approving our strategic, financial and operating plans and other significant actions;
- evaluating the performance of and reviewing and determining the compensation of our CEO and other executive officers;
- planning for succession for our CEO and monitoring management's succession planning for other executive officers; and
- overseeing the processes for maintaining the integrity of our financial statements, public disclosures, and compliance with laws and ethics.

Board Structure and Committees

During 2017, our Board met 31 times and acted once by unanimous written consent. Each director who was a director in 2017 attended at least 75% of the meetings of our Board and of each committee of which he served as a member, except for Mr. Cadogan who did not attend 75% of the meetings of our Audit Committee. Each of our directors who was a director in May 2017 attended our 2017 Annual Meeting of Stockholders. Our Board has established an Audit Committee, a Compensation Committee, a Business Development Committee and a Nominating/Corporate Governance Committee. Our Board has delegated various responsibilities and authority to its committees as generally described below. Our Board has determined that each member of our Audit, Compensation, Business Development and Nominating/Corporate Governance Committees is free of any relationship that would interfere with his individual exercise of independent judgment with regard to us. The following table provides membership, chair and number of meetings information for each of our Board committees during 2017:

Name*	Audit Committee	Compensation Committee	Nominating/Corporate Governance Committee	Business Development Committee
Stephen G. Waldis	-	-	-	M
Glenn Lurie	-	-	-	M
William J. Cadogan	M	C	M	M
Thomas J. Hopkins	M	M	-	C
James M. McCormick	-	M	C	-
Donnie M. Moore	C	-	M	-
Total meetings in year 2017	39	13	1	0

M = Member C = Chair

* Messrs. Baker and Berger are excluded from this table as they joined the Board in February 2018. Mr. Baker is a member of our Nominating/Corporate Governance Committee and Business Development Committee. Mr. Berger is a member of our Compensation Committee and Nominating/Corporate Governance Committee. Mr. Berger also attends meetings of our Audit Committee as an observer. Mr. Aquilina is also excluded from this table as he joined the Board in April 2018.

Audit Committee

Our Audit Committee oversees the integrity of our financial statements, compliance with applicable legal and regulatory requirements, effectiveness of our internal controls and audit function, and the qualifications, independence, and performance of our independent registered public accounting firm. Our Audit Committee also discussed with our independent registered public accounting firm the overall scope and plans for their audit and met with them on a regular basis without members of management. Our Audit Committee consults with our management and our independent registered public accounting firm prior to the presentation of financial statements to stockholders and, as appropriate, initiates inquiries into aspects of our financial affairs. In addition, our Audit Committee:

- reviews our annual audited and quarterly financial statements and SEC reporting;
- reviews management's assessment of risk pertaining to our reporting and disclosure controls and monitors our internal controls and audit functions, the results and scope of the annual audit and other services provided by our independent registered public accounting firm and our compliance with legal matters that have a significant impact on our financial statements;
- establishes procedures for the receipt and treatment of complaints regarding internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- appoints, compensates, reviews procedures to ensure the independence of and oversees the work of, our independent registered public accounting firm, including approving services and fee arrangements;
- approves all related transactions;
- reviews with senior members of our management our policies and practices regarding risk assessment and risk management;
- reviews periodically the adequacy and effectiveness of our internal and disclosure controls, including our policies regarding compliance with legal, regulatory, code of conduct, ethical and internal auditing standards;
- reviews earnings press releases prior to issuance; and
- reviews findings and recommendations of our independent registered public accounting firm and management's response to their recommendations.

Our Audit Committee of our Board is comprised of the following three directors: Thomas J. Hopkins, William J. Cadogan and Donnie M. Moore (Chair). Effective March 2018, Mr. Berger attends Audit Committee meetings in a non-voting observer capacity. Our Audit Committee met 39 times during 2017. Our Board annually reviews the definition of independence for Audit Committee members set forth in the Nasdaq listing standards and has determined that all members of our Audit Committee are independent (as independence is currently defined in Rule 5605(a)(2) and 5605(c)(2) of the Nasdaq listing standards). In addition to qualifying as independent under the Nasdaq rules, each member of our Audit Committee can read and has a working understanding and comprehension of fundamental financial statements. Our Board has determined that each of Donnie M. Moore and Thomas J. Hopkins is an audit committee financial expert, as defined by Item 407(d) of Regulation S-K based on a qualitative assessment of each of their level of knowledge and experience based on a number of factors, including their respective formal education and experience. The designation does not impose on either Mr. Moore or Mr. Hopkins any duties, obligations or liability that are greater than are generally imposed on them as a member of our Audit Committee and our Board, and their respective designations as Audit Committee financial experts pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of our Audit Committee or Board. Our Audit Committee charter can be found on the Investor Relations section of our website at *www.synchronoss.com*.

Compensation Committee

Our Compensation Committee is currently comprised of the following four directors: William J. Cadogan (Chair), James M. McCormick, Thomas J. Hopkins and Peter Berger, each of whom is independent, as currently defined in Rule 5605(a)(2) and 5605(d)(2) of the Nasdaq listing standards. Mr. Berger joined the Compensation Committee in March 2018 and therefore was not involved in any 2017 compensation decisions. In addition, each member of our Compensation Committee is a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). Our Compensation Committee met 12 times during 2017 and acted once by written consent. Our Compensation Committee is charged by our Board to:

- review and approve our compensation strategy and philosophy;
- review and approve our annual corporate goals and objectives related to executive compensation and evaluate performance in light of these goals;

- review and approve policies and all forms of compensation and other benefits to be provided to our employees (including our NEOs), including among other things the annual base salaries, bonus, stock options, restricted stock grants and other incentive compensation arrangements;

- evaluate our CEO's performance and determine his salary and incentive compensation;

- in consultation with our CEO, determine the salaries and incentive compensation of our other executive officers;

- make recommendations from time to time to our Board regarding non-employee director compensation matters;

- recommend, for approval by the Board, the adoption or amendment of our equity and cash incentive plans;

- administer our stock purchase plan and equity incentive plans;

- oversee the administration of our other material employee benefit plans, including our 401(k) plan; and

- review and approve other aspects of our compensation policies and matters as they arise from time to time.

A more detailed description of our Compensation Committee's functions can be found in our Compensation Committee charter, which can be found on the Investor Relations section of our website at *www.synchronoss.com*.

Our Compensation Committee has also established a Key Employee Equity Awards Committee, with our CEO as the sole member, whose purpose is to approve equity awards to our newly hired and current employees, subject to guidelines previously approved by our Compensation Committee. Our Key Employee Equity Awards Committee acted 14 times in 2017.

In accordance with Nasdaq listing standards, our Compensation Committee, under its charter, may select and retain, and is directly responsible for the appointment, compensation and oversight of, compensation consultants or any other third party to assist in the evaluation of director and officer compensation, as well as any other compensation matters. In addition, our Compensation Committee has the responsibility to consider the independence of these advisers in accordance with applicable law and/or Nasdaq listing standards. Our Compensation Committee has retained Deloitte Consulting LLP ("**Deloitte**") as its compensation consultant. In 2017, Deloitte did not perform any services for us other than its services to our Compensation Committee and received no compensation from our Company other than its fees in connection with the firm's retention as our Compensation Committee's compensation consultant. Our Compensation Committee assessed the independence of Deloitte pursuant to applicable SEC rules and Nasdaq listing standards and concluded that the work of Deloitte has not raised any conflict of interest. Our Compensation Committee considers the information provided by Deloitte when making decisions with respect to compensation matters, along with information it receives from management and its own judgment and experience. Representatives of Deloitte generally attend regular Compensation Committee meetings and meet with our Compensation Committee without management present. Deloitte serves at the discretion of our Compensation Committee and our Compensation Committee approves the fees paid to Deloitte.

Nominating/Corporate Governance Committee

The current members of our Nominating/Corporate Governance Committee are: Frank Baker, Peter Berger, William Cadogan (Chair) and Thomas Hopkins. Messrs. Baker and Berger joined the committee in February 2018. Our Nominating/Corporate Governance Committee met one time in 2017. All members of our Nominating/Corporate Governance Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the Nasdaq listing standards). In addition, our Nominating/ Corporate Governance Committee:

- reviews and reports to our Board on a periodic basis with regard to matters of corporate governance;

- recommends qualified candidates to our Board for election as our directors, including the directors our Board proposes for election by the stockholders at the Annual Meeting and directors nominated by our stockholders;

- reviews, assesses and makes recommendations on the effectiveness of our corporate governance policies and on matters relating to the practices of directors and the functions and duties of the various Board committees;

- develops and implements our Board's biennial self-assessment process and works with our Board to implement improvements in their effectiveness;

- reviews succession plans periodically with our CEO relating to positions held by elected corporate officers;

- reviews and makes recommendations to our Board regarding the size and composition of our Board and the appropriate qualities and skills required of our directors in the context of the then current make-up of our Board and our business; and

- establishes and periodically reviews stock ownership guidelines for our executive officers and directors.

Our Nominating/Corporate Governance Committee charter can be found on the Investor Relations section of our website at *www.synchronoss.com*.

Our Nominating/Corporate Governance Committee has established procedures for the nomination process and leads the search for, selects and recommends candidates for election to our Board. Consideration of new director candidates typically involves a series of committee discussions, the review of information concerning candidates and interviews with selected candidates. Candidates for nomination to our Board typically have been suggested by other members of our Board or by our executive officers. From time to time, our Nominating/Corporate Governance Committee may engage the services of a third-party search firm to identify director candidates. Our Nominating/Corporate Governance Committee also considers candidates proposed in writing by stockholders, provided those proposals meet the eligibility requirements for submitting stockholder proposals under our amended and restated bylaws and are accompanied by certain required information about the candidate in accordance with our amended and restated bylaws and organizational documents. Candidates proposed by stockholders will be evaluated by our Nominating/Corporate Governance Committee using the same criteria as for all other candidates. Stockholders may contact the Secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for making stockholder nominations and proposals.

In considering nominees for our Board, our Nominating/Corporate Governance Committee considers each candidate’s independence, personal and professional integrity, financial literacy or other professional or business experience relevant to an understanding of our business, ability to think and act independently and with sound judgment and ability to serve our stockholders’ long-term interests. These factors, along with others considered useful by our Nominating/Corporate Governance Committee, are reviewed in the context of an assessment of the perceived needs of our Board at a particular point in time. As a result, the priorities and emphasis of our Nominating/Corporate Governance Committee and of our Board may change from time to time to take into account changes in our business and other trends and the portfolio of skills and experience of current and prospective directors. Our Nominating/Corporate Governance Committee has not adopted a formal policy regarding the consideration of diversity in identifying director nominees or in searching for new directors.

Business Development Committee

The current members of our Business Development Committee are: William J. Cadogan, Thomas J. Hopkins (Chair), Glenn Lurie, Stephen G. Waldis and Frank Baker. Mr. Baker joined the Business Development Committee in February 2018. All members of our Business Development Committee other than Messrs. Lurie and Waldis are independent (as independence is currently defined in Rule 5605(a)(2) of the Nasdaq listing standards). Our Business Development Committee did not meet during 2017. Our Business Development Committee reviews certain strategic business development and growth opportunities and recommends those that it determines are in line with our short-term and long-term strategic goals. Our Business Development Committee charter can be found on the Investor Relations section of our website at *www.synchronoss.com*.

Director Compensation

This section provides information regarding the compensation policies for our non-employee directors and cash amounts paid or equity granted to these directors in 2017. Any director who is also an employee of our Company does not receive any additional compensation for service as a director. For 2017, our non-employee director compensation program consisted of:

Compensable Position / Event	**Compensation**
Initial Equity Grant	Non-qualified stock option to purchase 30,000 shares(1)
Annual Cash Retainer	$50,000
Annual Equity Grant	Equity awards with an aggregate grant date fair value of $200,000 60% in restricted shares (1) 40% in the form of a non-qualified stock option(1)
Committee Chairperson Retainer	$20,000 (Audit) $15,000 (Compensation) $10,000 (Nominating/Corporate Governance) $10,000 (Business Development)
Committee Member Retainer	$10,000 (Audit) $7,500 (Compensation) $5,000 (Nominating/Corporate Governance) $5,000 (Business Development)

(1) Options and restricted shares vest one-third each year over three years from the grant date.

Our Compensation Committee annually determines a fixed monetary value of equity awards to be granted to our non-employee directors based on their analysis of the competitive range of the equity granted to directors at our peer group companies and other publicly-available information. The actual number of restricted shares and shares underlying stock options is determined based on the grant date fair value of the equity awards. The stock options have an exercise price equal to the closing price reported on Nasdaq of our Common Stock on the grant date. The annual retainer fees are paid to our directors quarterly at the beginning of each quarter. In addition, we currently have a policy of reimbursing directors for travel, lodging and other reasonable expenses incurred in connection with their attendance at our Board and Committee meetings. The following table sets forth all of the compensation awarded to, earned by, or paid to each person who served as a non-employee director during 2017.

Name*	**Fees Earned or Paid in Cash ($)**	**Stock Awards ($)(1)**	**Option Awards ($)(2)**	**Total ($)**
William J. Cadogan	85,000	119,998	80,004	285,002
Thomas Hopkins	77,500	119,998	80,004	277,502
James McCormick	64,610	119,998	80,004	264,612
Donnie M. Moore	75,000	119,998	80,004	275,002

(1) The amounts in this column reflect the aggregate grant date fair value of the stock awards computed in accordance with FASB ASC Topic No. 718. See Footnote 3 to the financial statements included in this Form 10-K for a discussion of our assumptions in estimating the fair value of our stock awards.

(2) The amounts in this column reflect the aggregate grant date fair value of the stock options computed in accordance with FASB ASC Topic No. 718. See Footnote 3 to the financial statements included in this Form 10-K.

* Messrs. Baker and Berger are excluded from this table as they joined the Board in February 2018. Mr. Aquilina is also excluded from this table as he joined the Board in April 2018.

Director Stock Ownership Guidelines

We have established stock ownership guidelines for our directors to retain an equity stake in the Company to more closely align their interests with those of our stockholders. Each director is required to own the number of shares of our Common Stock with a value equal to three times the annual cash retainer for service on our Board. Ownership is calculated annually based on the closing sales price of our Common Stock on Nasdaq for the last trading day in the prior year. Any newly elected director has three years from the date of his or her election to achieve the targeted equity ownership level. As of December 31, 2017, each of our then directors owned at least the number of shares of our Common Stock required by these guidelines based on the price of our Common Stock on such date.

Limitation of Liability and Indemnification

As permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws provide that we are authorized to (i) enter into indemnification agreements with our directors and officers and (ii) purchase directors' and officers' liability insurance, which we currently maintain to cover our directors and executive officers. The form of indemnification agreement with our directors provides that we will indemnify each director against any and all expenses incurred by that director because of his status as one of our directors, to the fullest extent permitted by Delaware law, our restated certificate of incorporation and amended and restated bylaws. In addition, the form agreement provides that, to the fullest extent permitted by Delaware law, but subject to various exceptions, we will advance all expenses incurred by our directors in connection with a legal proceeding. Our restated certificate of incorporation and bylaws contain provisions relating to the limitation of liability and indemnification of directors. The restated certificate of incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability:

- for any breach of a director's duty in respect of unlawful (i) payments of dividends or (ii) stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law and the breach of a director's duty of loyalty to us or our stockholders;
- for any transaction from which the director derives any improper personal benefit; and
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law.

Our restated certificate of incorporation also provides that if Delaware law is amended after the approval by our stockholders of our restated certificate of incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law. The foregoing provisions of the restated certificate of incorporation are not intended to limit the liability of directors or officers for any violation of applicable federal securities laws. As permitted by Section 145 of the Delaware General Corporation Law, our restated certificate of incorporation provides that we may indemnify our directors to the fullest extent permitted by Delaware law and the restated certificate of incorporation provisions relating to indemnity may not be retroactively repealed or modified so as to adversely affect the protection of our directors.

Risk Management Considerations

Each year, our Compensation Committee reviews our compensation practices and policies for all employees, including our NEOs, and assesses whether they have the potential to incentivize employees without taking risks that are reasonably likely to have a material adverse effect on our Company. Since our annual performance-based bonus and equity programs are designed to align our employees' compensation with both our short- and long-term business objectives and performance, and therefore enhance stockholder value, our Compensation Committee believes that our compensation practices and policies discourage behavior that leads to excessive risk-taking. Therefore, our Compensation Committee believes our practices and policies will promote balanced risk management and are not likely to have a material adverse effect on our Company. Set forth below are the key risk-balancing elements of our compensation practices and policies:

Financial Performance Measures	The ranges set for financial performance measures are designed to reward success without encouraging excessive risk taking. Pursuant to our performance-based equity plan, the number of performance-based restricted shares to be issued is customarily based on our financial performance over a three-year period. There are maximum payouts under our cash incentive plan and the performance-based restricted shares, which help mitigate risk.
Equity Vesting Periods	Time-based restricted shares typically vest over three years, while stock options typically vest over four years. The performance-based restricted shares are earned and vest upon determination of the achievement of our performance metrics established for the performance period. The vesting of the equity awards is designed to reward continued service with us, increases in our stock price and achievement of corporate goals designed to enhance stockholder value.
Equity Retention Guidelines	NEOs are required to acquire within five years of becoming an executive officer, and hold while they are executive officers, shares (vested and unvested) having a value of at least three times, or five times in the case of our CEO, their respective base salaries.
No Hedging	NEOs are not permitted to enter into any transaction designed to hedge, or having the effect of hedging, the economic risk of owning our securities.

Financial Restatement, Recoupment and Related Policies	As part of our Code of Business Conduct, we will investigate all reported instances of questionable or unethical behavior of a director, NEO or other employee and, where improper behavior or failure to act is found to have occurred, will take appropriate action up to and including termination. If an investigation uncovers that an individual has committed fraud or other improper acts that causes our financial statements to be restated or otherwise affected, our Board has discretion to take immediate and appropriate disciplinary action with respect to that individual up to and including termination. Our Board also has discretion to pursue whatever legal remedies are available to prosecute that individual to the fullest extent of the law and may seek to recoup or recover any amounts he or she inappropriately received as a result of his or her improper actions, including but not limited to any annual or long term incentives that he or she received to the extent the individual would not have received that amount had the improper action not been taken.

Compensation Committee Interlocks and Insider Participation

During the year ended December 31, 2017, William J. Cadogan (Chair), James M. McCormick and Thomas J. Hopkins served as members of our Compensation Committee. None of the members of our Compensation Committee was an officer or employee of our Company at any time during 2017 and none of the members of our Compensation Committee has ever served as an officer of our Company or had any relationship with us requiring disclosure herein. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

Section 16(a) Beneficial Ownership Reporting Compliance

We believe that, during the fiscal year ended December 31, 2017, all of our directors, executive officers subject to Section 16 of the Exchange Act and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements. In making these statements, we have relied upon a review of the copies of Section 16(a) reports furnished to us and the written representations of our directors, NEOs and certain of our greater than 10% stockholders.

ITEM 11. *EXECUTIVE COMPENSATION*

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

This section discusses our compensation philosophy, summarizes our compensation programs and reviews compensation decisions for our Named Executive Officers (our "NEOs") for the fiscal year ended December 31, 2017 and includes compensation paid to the following individuals who constitute our NEOs for 2017:

Named Executive Officer	Title as of December 31, 2017
Glenn Lurie (1)	Chief Executive Officer
Stephen Waldis (1)	Executive Chairman, Former Chief Executive Officer & Founder
Ronald Hovsepian (1)	Former Chief Executive Officer
Lawrence Irving (2)	Chief Financial Officer
John Frederick (2)	Former Chief Financial Officer
Karen Rosenberger (2)	Former Chief Financial Officer
Robert E. Garcia	Chief Commercial Officer
Christopher S. Putnam (3)	President and General Manager, Americas
Daniel Rizer (4)	Chief Strategy Officer

(1) On December 5, 2016, we entered into an Agreement and Plan of Merger that provided for our acquisition of all of the outstanding shares of common stock of Intralinks through a tender offer (the "Intralinks Transaction"). On January 19, 2017, we acquired all of the outstanding shares of common stock of Intralinks Holdings Inc. (the "Intralinks Transaction") and Intralinks became a wholly owned subsidiary of our Company. Upon the closing of the Intralinks Transaction, we appointed Ronald W. Hovsepian as Synchronoss' Chief Executive Officer and a member of our Board. In addition, on January 19, 2017, Stephen G. Waldis resigned from his position as Chief Executive Officer of our Company and was appointed our Executive Chairman of the Board. Mr. Hovsepian resigned as our Chief Executive Officer on April 27, 2017, Mr. Waldis was again appointed as our Chief Executive Officer until November 13, 2107 when he stepped down and Mr. Lurie was appointed as our Chief Executive Officer and Mr. Waldis was appointed our Executive Chairman as of the same date.

(2) Ms. Rosenberger resigned as Chief Financial Officer effective February 27, 2017. Ms. Rosenberger remained employed with us through April 1, 2017. Mr. Frederick served as our Chief Financial Officer from February 27, 2017 until he resigned on April 27, 2017 at which time Mr. Irving was appointed as our Chief Financial Officer.

(3) Mr. Putnam resigned as President and General Manager, Americas, effective June 30, 2018.

(4) Mr. Rizer resigned as Chief Strategy Officer, effective as of March 31, 2018, and is no longer employed by our Company.

Executive Summary

Our executive compensation philosophy and programs are designed to attract, retain and motivate high-quality executives who possess diverse skills and talents required to help us achieve our short and long-term financial and strategic goals. Our executive compensation programs are designed to foster a performance-oriented culture that aligns our executives' interests with those of our stockholders over the long term. To provide for this alignment of interests, our compensation programs provide that 75% of our CEO's and 69% of our NEOs' targeted compensation is tied to long-term, equity-based incentives. By tying a majority of our NEOs' targeted compensation to equity-based incentives our NEOs need to increase our common stock's value in order to realize any value related to our stock options and performance-based restricted stock. In an effort to further provide for performance-based equity awards approximately 66% of the total 2017 equity grants to each of our NEOs, other than our CEO, are either options to purchase our common stock or restricted stock subject to a performance-based vesting. Accordingly, we believe that the compensation of our NEOs is both appropriate for and responsive to the goal of improving shareholder value, as the majority of each NEO's compensation is allocated to performance-based incentives.

In 2017, we experienced changes in our business strategy, various management changes, and the acquisition and subsequent divestiture of Intralinks, and the divestiture of our activation exception handling business in December 2016. Our Compensation Committee discussed with Deloitte, our independent compensation consultant, alternative methods of granting compensation to our NEOs in light of these significant items. Accordingly, our Compensation Committee, with the recommendation of Deloitte, made various modifications to our historical executive compensation plans, due to the difficulty to forecast the Company's performance in future years, as further described below. For example, the 2017-2019 long-term incentive plan was revised to only include metrics for 2017, which ultimately resulted in our NEOs receiving no payment under this plan as a result of our financial results for 2017. Our 2015-2017 long-term incentive plan and 2016-2018 long term incentive plans were also modified to account for these changes, and as a result the NEOs have and will receive reduced amounts under these plans. In 2018, our Compensation Committee approved the 2018-2020 long-term incentive plan, which is based on the Company's financial performance over a three-year period.

In addition, in recognition of the uncertainty related to the significant shift in our business strategy in the middle of 2017, changes in our senior leadership team and to retain our NEOs and certain other key employees, which our Compensation Committee believed were important to the Company's future success, our Compensation Committee approved an executive retention bonus plan. The executive retention bonus plan provides our NEOs and other senior executive officers with an opportunity to earn cash and equity incentives provided the NEO is continuously employed by the Company (unless terminated by the Company without cause) through July 2019. Additionally, to incentivize the executives to enhance shareholder value, additional incentives were built in to the plan to reward the NEOs for the growth of the price of our common stock. Both Mr. Waldis, who was our CEO when the retention bonus plan was adopted in July 2017, and Mr. Lurie do not participate in the retention bonus plan.

In November 2017, we hired Glenn Lurie, a long-term executive at AT&T, as our new CEO, replacing Stephen Waldis who was our interim CEO after Ronald Hovsepian left the Company. At the time of hiring, Mr. Lurie had several alternative career opportunities based on the competitive landscape and his unique skill set and, as a result, the Board approved a compensation package above the 50th percentile of CEO's at our peer group companies, including a one-time grant of 1,000,000 stock options. We believe hiring Mr. Lurie as our CEO was a key move towards moving the Company in the right direction for long-term growth and therefore we believe his compensation was commensurate with his experience and contributions he will make towards the Company's future.

2017 Compensation Program Highlights

Our executive compensation program is designed to attract, retain and motivate high-quality executives and drive the creation of long-term shareholder value by tying a significant portion of executives' compensation to Company and individual performance. Our compensation philosophy and programs are designed to achieve the following objectives:

Pay for Performance	Provide a strong relationship of pay to performance through: • Performance-based cash bonus tied primarily to achievement of corporate short-term financial goals and individual performance. • Equity awards that derive value based on the performance of our Common Stock and, in the case of performance-based stock awards, the achievement of pre-determined, objective financial and business goals.
Emphasis on Variable Compensation	• Total compensation is heavily weighted toward incentive compensation (i.e., annual cash bonuses and long-term equity incentives). • Annual performance-based cash bonuses focus our NEOs on key short-term financial goals. • Stock options and time-based and performance-based restricted shares incentivize our NEOs to focus on sustainable, long-term stockholder value creation. The value realized by our NEOs depends substantially on our long-term performance, achievement of our strategic goals and the value of our Common Stock, which we believe aligns our NEOs' interests with the long-term interests of our stockholders.
Fixed Compensation Component	• Provide base salary based on our Compensation Committee's general understanding of current competitive compensation practices, the role in which a NEO serves and the NEO's responsibilities, length of tenure, internal pay equity and individual performance.

The following highlights some of the key components of our pay for performance policies and practices:

At-Risk Compensation	A majority of the compensation of our Chief Executive Officer and our other NEOs is "at-risk" and tied to Company performance over the short- and/or long-term.
Incentive Award Metrics	Establish and approve challenging performance metrics for incentive plans tied to key Company performance indicators.
Performance Equity Plan	The number of performance-based restricted shares earned is based on our financial performance over a specified period, aligning our NEOs' interests with the long-term interests of our stockholders.
Time-Based Equity Vesting	Equity awards subject to time-based vesting vest incrementally over three or four years to promote retention.
Stock Ownership Guidelines	Maintain stock ownership guidelines to support the alignment of interests between our NEOs and stockholders.
No Hedging	Prohibition of hedging exposure of, or interest in, our Common Stock.

Our Compensation Committee oversees the design and administration of the compensation programs for all our employees and approves the individual compensation of our NEOs. For 2017, our Chief Executive Officer assessed the performance of our NEOs (other than himself), consulted with other members of management and made recommendations to our Compensation Committee regarding the amount and the form of the compensation of our NEOs and other key employees, including the performance goals, weighting of goals, and equity compensation awards of NEOs. Our Chief Executive Officer was not present during discussions regarding his compensation.

2017 Executive Compensation Program

Cash Incentive Compensation

For our NEOs' Annual Cash Incentive Bonuses in 2017, our Compensation Committee approved the following metrics:

- 25% based on the Company's non-GAAP revenue* for 2017;
- 25% based on the Company's non-GAAP recurring revenue* for 2017;
- 30% based on the Company's non-GAAP EBITDA for 2017; and
- 20% based on the Company's free cash flow for 2017.

***** These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. As there was no payment, we have not included a reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

Our Compensation Committee believes that non-GAAP revenue, non-GAAP EBITDA, non-GAAP recurring revenue and free cash flow are four metrics that accurately value our Company on both a short- and long-term basis and are targeted to emphasize strong growth on gross revenue and managing expenses. Based on the feedback received as part of our stockholder outreach program, several of these are the key metrics many of our stockholders use in their valuation of our Company. As such, our NEOs are focused on growing non-GAAP revenue non-GAAP EBITDA, non-GAAP recurring revenue and free cash flow, which we believe is aligned with our stockholders' perspective on our Company's ability to grow and succeed in the short- and long-term. For Mr. Putnam 40% of his 2017 Annual Cash Incentive Bonus was to be based on the above Company objectives, and 20% based on each of the non-GAAP revenue, non-GAAP EBITDA and recurring revenue of the Company other than the same metrics of the Enterprise Business Unit ("EBU").

Long-term Incentive Compensation

Our Compensation Committee awards time-based restricted shares, stock options and performance-based restricted shares to our NEOs as the long-term incentive compensation component of their compensation, targeting an annual mix of one-third for each of these types of equity awards (based on grant date fair value). The number of stock options, target number of performance-based restricted shares and number of time-based restricted shares granted to our NEOs is based on our Compensation Committee's general understanding of competitive pay practices, our CEO's recommendations (except for his own) and other factors our Compensation Committee deemed appropriate.

2015-2017 Performance Shares

Our 2015-2017 long-term equity incentive plan was originally designed to reward financial and strategic performance during a three-year period from 2015 through 2017, and the restricted shares granted under the long-term incentive plan (the "2015-2017 Performance Shares") were originally to be earned and vest based on achievement of pre-determined performance criteria during that period. In 2017, we experienced changes in our business strategy, various management changes and our acquisition of Intralinks and the divestiture of our activation exception handling business in December 2016. Our Compensation Committee discussed with Deloitte, our independent compensation consultant, alternative methods of granting compensation to our NEOs and measuring performance for open performance awards in light of these significant items. Accordingly, in 2017, our Compensation Committee, with the recommendation of Deloitte, agreed to modify the 2015-2017 long-term equity incentive plan by basing the performance metrics solely on our Company's performance in 2015 and 2016. Our NEOs were still required to remain employed by the Company through February 2018 in order to vest in the shares. Our Compensation Committee approved the following revised performance metrics for the 2015-2017 Performance Shares:

- 60% are earned based on the non-GAAP revenue* of our Company in 2015 and 2016;
- 30% are earned based on the non-GAAP EBITDA as a percentage of non-GAAP revenue* of our Company in 2015 and 2016; and
- 10% are earned based on the revenue of our Cloud business in 2015 and 2016.

*These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. Please see Appendix A for an explanation and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

2016-2018 Performance Shares

Our 2016 long-term equity incentive plan was originally designed to reward financial and strategic performance during a three-year period from 2016 through 2018, and the restricted shares granted under the 2016 long-term incentive plan (the “2016-2018 Performance Shares”) were originally to be earned and vest based on achievement of pre-determined performance criteria during that period. In 2017, for the same reasons discussed above, our Compensation Committee, with the recommendation of Deloitte, agreed to modify the 2016-2018 long-term equity incentive plan by approving that (i) one-third of the 2016-2018 Performance Shares would be awarded based on our Company’s performance in 2016 and (ii) two-thirds of the 2016-2018 Performance Shares would be awarded based on our Company’s future performance in 2017 and 2018. Our NEOs are required to remain employed by the Company through February 2019 in order to vest in the shares. Our Compensation Committee approved the following revised performance metrics for the 2016-2018 Performance Shares:

For 2016, the Committee kept the metrics the same percentage as originally approved:

- 60% are earned based on the non-GAAP revenue* of our Company in 2016;
- 30% are earned based on the non-GAAP EBITDA as a percentage of non-GAAP revenue* of our Company in 2016; and
- 10% are earned based on the Enterprise Business Unit non-GAAP revenue*.

For 2017 and 2018, the Committee revised the percentages as follows:

- 40% are earned based on the non-GAAP revenue* of our Company in 2017 and 2018;
- 40% are earned based on the non-GAAP EBITDA as a percentage of non-GAAP revenue* of our Company in 2017 and 2018; and
- 20% are earned based on the recurring revenue in 2017, and provided that the Committee had discretion to determine an appropriate 2018 metric.

* These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. Please see Appendix A for an explanation and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

2017-2019 Performance Shares

Our 2017 long-term equity incentive plan is designed to reward financial and strategic performance during the twelve-month period ended December 31, 2017, and the restricted shares granted under the 2017 long-term incentive plan (the “2017-2019 Performance Shares”) are earned and vest based on achievement of pre-determined performance criteria during that period. Although in prior years, the executive long-term incentive plan was based on a three-year period, for the same reasons discussed above, in 2017, our Compensation Committee approved that the 2017-2019 Performance Shares be based on the following performance metrics based only on the financial performance of our Company in 2017 and not over a three-year period. The NEOs were required to remain employed by our Company through March 2019 and 2020 in order to vest in the shares:

- 40% are earned based on non-GAAP revenue* of our Company for the year ended December 31, 2017;
- 40% are earned based on non-GAAP EBITDA* for the year ended December 31, 2017; and
- 20% are based on recurring revenue for the year ended December 31, 2017 (provided that if the non-GAAP revenue metric was not met, executives would not be eligible for any shares solely based on the recurring revenue metric).

* These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. Please see Appendix A for an explanation and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

In 2018, the Compensation Committee approved the 2018-2020 long term incentive plan which is based on the Company’s financial performance over a three-year period.

2017 Say on Pay Vote

At our 2017 Annual Meeting of Stockholders, approximately 96% of the shares voted were cast in favor of the advisory vote on executive compensation. We continuously strive to maintain a high level of stockholder support for our executive compensation program and, in 2017, met with several of our largest stockholders and solicited their feedback on our executive compensation policies. Our Compensation Committee evaluates our executive compensation program each year with the goal of ensuring it is in line with our stockholders' interests. We encourage stockholders to take into account the continuous changes to our executive compensation program over the last several years in considering the advisory vote presented below including, among other things, designing a new, updated compensation philosophy, adding different performance metrics for our short-term and long- term incentive plans, enhancing our executive stock ownership guidelines and our annual stockholder outreach program.

Compensation Consultant

Our Compensation Committee's compensation consultant generally attends regular Compensation Committee meetings and meets with our Compensation Committee without management present. When making decisions with respect to compensation matters and in an effort to gain a better understanding of the competitive landscape, our Compensation Committee considers various analyses prepared by its compensation consultant, along with information it receives from management and its own judgment and experience. Since 2013, our compensation consultant has been Deloitte Consulting LLP ("Deloitte").

Peer Group

Our Compensation Committee generally reviews executive compensation survey and proxy data from technology companies that have similar software/services business models or operate in the mobile networking space, are of similar financial size and are representative of the organizations with which we compete with for our executive talent. Our Compensation Committee, based in part on advice from Deloitte, identified and approved the following companies that fit some or all of these criteria as our peer group for purposes of 2017 executive compensation decisions:

BroadSoft, Inc.	Guidewire Software Inc.	NeuStar, Inc.
Blackbaud, Inc.	Interactive Intelligence Group, Inc.	Pegasystems, Inc.
Bottomline Technologies Inc.	J2 Global, Inc.	Progress Software Corp.
CommVault Systems, Inc.	LogMeIn, Inc.	Proofpoint, Inc.
Cornerstone OnDemand Inc.	Medidata Solutions, Inc.	Infoblox, Inc.
Fleetmatics Group PLC	MicroStrategy, Inc.	The Ultimate Software Group

Our peer group was updated in October 2016 to reflect the acquisition of SolarWinds, Inc. in the same year. Our Compensation Committee added Broadsoft, Inc., Infloblox, Inc. and Proofpoint, Inc. as peer group companies based on the similarities of their business offerings, financial profile, and market capitalization with those of our Company. As a result of these changes, we believe the peer group utilized for purposes of 2017 executive compensation decisions was representative of companies that we compete with for executive talent. When making compensation decisions for our NEOs, our Compensation Committee also reviews published survey and peer group compensation data for other software/services companies. As we continue to grow as a company, competitive market practices become an increasingly important factor in our Compensation Committee's decision-making process, although the Committee's decisions are not entirely based upon these factors and it is not bound by any target specific compensation levels derived from peer group data. Rather, our Compensation Committee reviews and considers the peer group and other survey data to obtain a general understanding of current competitive compensation practices. Additionally, our Compensation Committee reviews the peer group and survey data to gain a general understanding of competitive pay practices allows our Compensation Committee to accomplish our goal of paying our NEOs what is appropriate and necessary to attract qualified and committed executives while incentivizing achievement of our corporate goals while conserving cash and equity.

Principal Elements of Compensation

Our executive compensation program has the following principal elements: base salary, annual cash incentive bonuses, equity awards and severance and change in control benefits. For base salary, annual cash bonuses and equity awards for our executive officers, generally our Company's compensation philosophy is to evaluate individual experience and contribution, as well as corporate performance, and then factor in competitive market analysis. The markets we are serving are narrow and highly competitive for large-scale implementations leveraging unique technologies. With respect to all compensation components, we generally target pay to be competitive with the median of our peer group and the markets for which we compete for talent. We seek to drive our Company to over-perform the market in the long term, we believe that to ensure an appropriate pay-for-performance alignment, it may be appropriate for our Compensation Committee to approve compensation levels for individual executives that may be above or below target pay for similar positions based on experience, individual contribution, and corporate performance. Additionally, our Compensation Committee may exercise discretion to issue one-time equity awards where appropriate to ensure alignment with key strategic business initiatives. The following table sets forth the primary compensation elements used by our Company and the objectives of each element:

Base Salary	**Objective:** Our Compensation Committee sets base salaries with the intent to attract and retain executives, reward satisfactory performance and provide a minimum, fixed level of cash compensation to compensate NEOs for their day-to-day responsibilities. **Key Features:** • Executive base salaries are initially determined as a result of negotiation between the executive and our management in consultation with, and subject to the approval of, our Compensation Committee. • Our Compensation Committee reviews base salaries annually and has discretion to provide increases based on its understanding of current competitive pay practices, promotions, our Chief Executive Officer’s recommendation (except in the case of his own salary), changes in responsibilities and performance, annual budget for increases, our overall financial and operational results, the general economy, length of tenure and internal pay equity and other factors our Compensation Committee deems appropriate. **Process:** • At the end of each calendar year, our Chief Executive Officer recommends base salaries for executives other than himself for the following calendar year. • Our Compensation Committee reviews proposed base salary changes and competitive market data with input from its compensation consultant. • Our Compensation Committee approves base salaries for our NEOs. • Our Compensation Committee reports base salary determinations to our full Board.
Annual Cash Incentive Bonus	**Objective:** Annual cash incentive bonuses are awarded under a performance-based compensation program and are designed to align the interests of our NEOs and stockholders by providing compensation based on the achievement of pre-determined corporate and/or business goals and individual performance. **Key Features:** • Each year, the target bonus for each NEO is set by our Compensation Committee based on the provisions of each NEO’s employment agreement or executive plan, our Chief Executive Officer’s recommendation (except in the case of his own target), internal pay equity, our Compensation Committee’s general understanding of current competitive pay practices and other factors it deems appropriate. • At least 90% of the incentive compensation for our NEOs other than Mr. Putnam is based on achievement of certain objective corporate financial goals established and approved by our Compensation Committee at the start of the year. Because Mr. Putnam is responsible for our worldwide sales, our Compensation Committee determined that 40% of his cash incentive bonus would be determined based on the Company metrics, with the remaining 60% of his cash incentive determined based on business unit performance. • If we achieve results that are below certain threshold levels, these NEOs receive no cash incentive bonus, while results that are above certain threshold levels result in cash incentive bonuses above target levels. **Process:** • Our Compensation Committee participates in our Board’s review of our annual operating plan at the beginning of the year. • Our Chief Executive Officer recommends bonus targets as a percentage of base salary for each NEO other than himself. • Our management recommends financial and other performance measures, weightings and ranges. • Our Compensation Committee reviews proposed bonus targets, performance measures and ranges provided by management and competitive market data, with input from its compensation consultant, approves bonus targets, performance measures and ranges that it believes establish appropriately challenging goals. • After the end of the fiscal year, our management presents the Company’s financial results to our Board.

- Our Chief Executive Officer recommends the individual component award for each of our NEOs other than himself.
- Our Compensation Committee reviews the results and determines whether to make any adjustments to the recommendations and then approves each NEO's bonus award.
- Our Compensation Committee reports bonus award determinations to our full Board.

Equity Awards

Objectives:

Our Compensation Committee structures equity awards to align our NEOs' interests with those of our stockholders, support retention and motivate NEOs to achieve our financial, strategic and operational goals. Equity awards include stock options and time-based and performance-based restricted shares.

Key Features:

- Our Compensation Committee grants stock options and time-based and performance-based restricted shares to our NEOs with a grant date fair value determined based on our Compensation Committee's general understanding of current competitive pay practices, our CEO's recommendation (except in the case of his own awards), recommendations from our compensation consultant, internal pay equity, evaluation of each NEO's performance, and other factors our Compensation Committee deems appropriate.
- Long-term incentive awards are allocated, based on grant date fair value, as follows (with vesting terms that generally extend up to four years):
  - o One-third stock options
  - o One-third time-based restricted shares
  - o One-third performance-based restricted shares
- Our Compensation Committee believes this mix provides NEOs with a balanced retention and performance opportunity and serves to closely align our NEOs' long-term objectives with those of our stockholders.
- Each performance-based restricted share award has a target number of shares to be earned typically following completion of a three-year performance period based on the achievement of certain pre-established Company performance criteria. The performance-based restricted shares are earned and vest based on continued service for the applicable period if the relevant performance criteria are achieved.

Process:

- In the first fiscal quarter, our Chief Executive Officer recommends grant date fair values of awards for executives other than himself.
- Our Compensation Committee reviews proposed performance measures and ranges provided by management and competitive market data and, with input from its compensation consultant approves performance measures and ranges that it believes establish appropriately challenging goals.
- Our Compensation Committee approves the number of time-based shares underlying stock options and the target number of time-based and performance-based restricted shares granted to our NEOs.
- Our Compensation Committee reports equity award determinations to our full Board.
- Our Compensation Committee reviews the financial performance of our Company for the relevant performance period and determines the amount of earned shares.

Severance and Change in Control Benefits

Objectives:

Severance and change in control benefits are included in each NEO's employment agreement in order to promote stability and continuity of our senior management team in the event of a potential change in control and/or an involuntary termination. Our Compensation Committee believes these provisions help to align our NEOs' interests appropriately with those of our stockholders in these scenarios.

Key Features:

- Events triggering payment require a termination of our NEOs' employment by our Company without cause or by the executive for good reason. Executives are entitled to enhanced benefits if the qualifying termination occurs during a specified period following a change in control (i.e., double-trigger).
- Change in Control benefits do not include excise tax gross-ups.

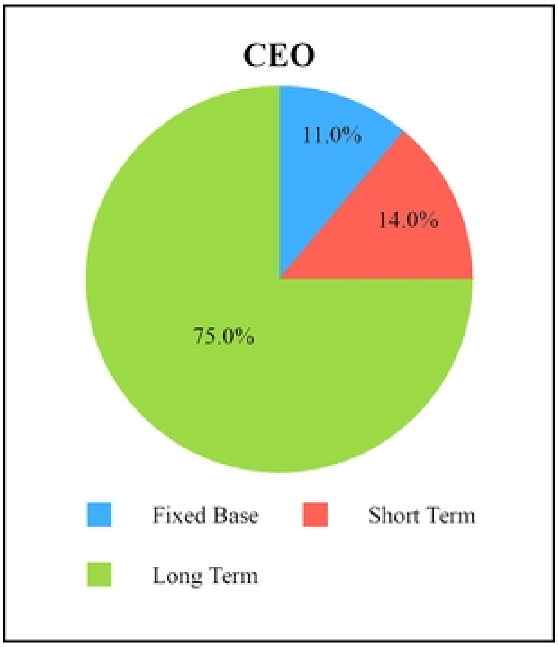
- Our Compensation Committee has determined these termination-related benefits are appropriate to preserve productivity and encourage retention in the face of potentially disruptive circumstances. These agreements also include restrictive covenants that help protect our Company from competition and solicitation of employees and customers.
- Each NEO will only be eligible to receive severance payments if he or she signs a general release of claims following an eligible termination.

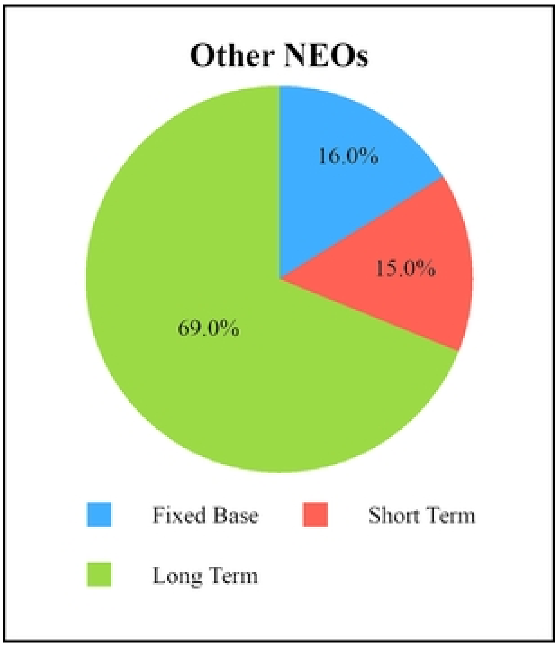
Chief Executive Officer Compensation

During 2017, there were several changes in our executive management team. In connection with the Intralinks Transaction, Mr. Waldis stepped down as our Chief Executive Officer on January 19 2017 and was appointed Executive Chairman of our Board and Mr. Hovsepian was appointed as our Chief Executive Officer. When Mr. Hovsepian resigned as our Chief Executive Officer on April 27, 2017, Mr. Waldis was again appointed as our Chief Executive Officer and served in that role until November 13, 2017. On November 13, 2017, Mr. Lurie was appointed as our Chief Executive Officer and Mr. Waldis remained as Executive Chairman of our Board. Mr. Lurie was a long-term executive at AT&T and at the time of hiring he had several alternative career opportunities based on the competitive landscape and his unique skill set, and as a result, our Board approved a compensation package above the 50th percentile of CEO's at our peer group companies, including a one-time grant of 1,000,000 stock options. We believe hiring Mr. Lurie as our CEO was a key move towards moving the Company in the right direction for long-term growth and therefore we believe his compensation was commensurate with his experience and contributions he will make towards our Company's future.

Pay Mix

In keeping with our results-driven culture, our Compensation Committee expects our NEOs to deliver superior performance in a sustained fashion and believes that a substantial portion of their overall compensation should be at-risk and tied to our short-term and long-term performance. As shown below, 75% of our CEO's targeted compensation and 69% of the average targeted compensation of our other NEOs for 2017 was tied to long-term, equity-based incentives.





2017 Compensation Decisions

In determining the criteria for our NEOs' incentive compensation, our Compensation Committee considers a variety of factors, including alignment of our NEOs' compensation with our stockholders' returns, and from time to time may adjust these factors or performance metrics based on our Company's fundamental transactions. On the corporate level, our Compensation Committee selected non-GAAP revenue, non-GAAP EBITDA, non-GAAP recurring revenue and free cash flow, four metrics that the Committee believes appropriately values our Company on both a short- and long-term basis and are targeted to emphasize strong growth on gross revenue while also managing our earnings per share. Based on feedback received as part of our stockholder outreach program, these are also four of the key metrics we believe our stockholders use in their valuation of our Company. As a result, our NEOs are focused on growing non-GAAP revenue, non-GAAP recurring revenue, free cash flow and non-GAAP EBITDA, which we believe is aligned with our stockholders' perspective on our Company's ability to grow and succeed on the short- and long-term.

Base Salary

Base salaries for our NEOs are reviewed and may be adjusted annually. Base salary may also be adjusted during the year upon promotion or based on internal equity or external market conditions. Our Compensation Committee makes these decisions after reviewing the recommendation of our Chief Executive Officer (except as it concerns his own salary) and our Chief People Officer, and consulting with our compensation consultant. Based on this review, the Compensation Committee did not approve any cost of living increases to our named executive officers after December 31, 2017.

The table below sets forth each of our NEOs' 2017 base salary compared to his respective 2016 base salary:

Name	2016 Base Salary	2017 Base Salary
Glenn Lurie (1)	N/A	$750,000
Stephen G. Waldis (2)	$608,900	$625,000
Lawrence Irving (3)	N/A	$425,000
Robert E. Garcia (4)	$450,000	$475,000
Christopher S. Putnam	$340,000	$340,000
Daniel Rizer	$420,000	$420,000

(1) Mr. Lurie became our Chief Executive Officer on November 13, 2017 and was not employed with us in 2016.

(2) Mr. Waldis resigned as our Chief Executive Officer effective as of January 19, 2017 and was appointed Executive Chairman on such date and his base salary was reduced to $500,000, effective March 1, 2017. Upon Mr. Hovsepian's resignation as our Chief Executive Officer on April 27, 2017, Mr. Waldis was again appointed as our Chief Executive Officer and his base salary was increased to $625,000. On November 13, 2017, Mr. Waldis stepped down as Chief Executive Officer, and again was appointed Executive Chairman, and his base salary was reduced to $300,000, effective January 1, 2018, and Mr. Lurie was appointed as our Chief Executive Officer as of the same date. Messrs. Lurie and Hovsepian were not employed with us in 2016.

(3) Ms. Rosenberger resigned as our Chief Financial Officer effective February 27, 2017. Ms. Rosenberger remained employed with us through April 1, 2017. Mr. Frederick served as our Chief Financial Officer from February 27, 2017 until he resigned on April 27, 2017, at which time Mr. Irving was appointed as our Chief Financial Officer. Mr. Irving was appointed as our Chief Financial Officer on April 27, 2017. Messrs. Frederick and Irving were not employed with us in 2016.

(4) In 2017, Mr. Garcia received an approximate 5.5% increase in his base salary to keep him at the approximate 50th percentile of individuals at our peer group companies in similar positions.

2017 Annual Cash Incentive Bonus Compensation

Our Annual Cash Incentive Bonus Compensation Program promotes our pay-for-performance philosophy by providing all executives and other management-level corporate employees with direct financial incentives in the form of annual cash awards for achieving Company, business and individual performance goals.

Target Percentage

Our Compensation Committee sets each NEO's individual target cash incentive amount (expressed as a percentage of base salary) based on its general understanding of competitive pay practices, our Chief Executive Officer's recommendation (except with respect to his own target) and other factors it deems appropriate. Based on its review of these factors, in March 2017, our Compensation Committee kept the target bonus percentage of each of our NEOs who were employed by us in 2016 at the same level as in 2016.

The target cash incentive and maximum bonus percentages for each of our NEOs for 2017 were as follows:

Name	Target Incentive Bonus Percentage	Maximum Bonus Percentage
Stephen G. Waldis	110% of base salary	192.5% of base salary
Lawrence Irving	80% of base salary	140% of base salary
Robert E. Garcia	80% of base salary	140% of base salary
Christopher S. Putnam	110% of base salary	192.5% of base salary
Daniel Rizer	80% of base salary	140% of base salary

As Mr. Lurie became our Chief Executive Officer on November 13, 2017, he was not eligible for a 2017 Cash Incentive Bonus.

2017 Objectives

Our Compensation Committee established (i) non-GAAP revenue, (ii) non-GAAP EBITDA, (iii) recurring revenue and (iv) free cash flow as the components of our 2017 annual cash incentive bonus program, with each of the components weighted as set forth below. We utilize these non-GAAP financial measures internally in analyzing our financial results and evaluating our ongoing operational performance because they exclude certain non-cash adjustments required under GAAP. These metrics were also selected because they are four of the key performance metrics shareholders use in evaluating our Company. For Mr. Putnam, 40% of his 2017 Annual Cash Incentive Bonus was to be based on the above Company objectives, and 20% based on each of the non-GAAP revenue, non-GAAP EBITDA and recurring revenue of the Company other than the Enterprise business.

In calculating both non-GAAP revenue and non-GAAP EBITDA, we add back stock-based compensation expense, the deferred revenue write-down associated with acquisitions, acquisition-related costs, restructuring charges, changes in the contingent consideration obligation, deferred compensation expense related to earn-outs and amortization of intangibles associated with acquisitions.

Each of the corporate components was assigned a “threshold” level, which is the minimum achievement level that must be satisfied to receive a portion of the applicable bonus amounts, and a “maximum” level, which, if achieved or exceeded, would result in our NEOs receiving 175% of the target amount attributed to that component.

The corporate component of the 2017 cash incentive compensation plan is set forth below:

Corporate Component	Weighting	Threshold 25% payout	Target 100% payout	Maximum 175% payout
Non-GAAP Revenue*	25%	$757,000,000	$827,000,000	$896,000,000
Non-GAAP EBITDA*	30%	$230,000,000	$279,000,000	$328,000,000
Recurring Revenue	25%	$542,000,000	$592,000,000	$642,000,000
Free Cash Flow	20%	$70,000,000	$100,000,000	$138,000,000

* These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. Please see Appendix A for an explanation of these non-GAAP financial measures to the applicable GAAP financial measures.

To receive a payment under the 2017 cash incentive compensation plan, the Company was required to achieve the threshold target for non- GAAP revenue and non-GAAP EBITDA. Based on the Company’s failure to achieve the threshold targets for non- GAAP revenue and non-GAAP EBITDA in 2017, none of our NEOs received any payments under our 2017 cash incentive bonus plan. Our Board established a $1.3 million discretionary pool for our CEO to make discretionary bonus awards to key employees who made extraordinary contributions to the Company in 2017. Our Chief Financial Officer, Lawrence Irving received a discretionary bonus in the amount of $150,000 for his contributions in 2017 and responsibility for managing the financial restatement process, and was the only NEO to receive a discretionary bonus.

2017 Long-Term Equity Incentive Compensation Plan

Our Compensation Committee awards time-based restricted shares, time-based stock options and performance-based restricted shares to our NEOs as the long-term equity incentive component of their compensation, targeting an annual mix of one-third for each of these types of equity awards (based on grant date fair value). The number of shares underlying stock options, the target number of performance-based restricted shares and the number of time-based restricted shares granted to our NEOs is based on our Compensation Committee's general understanding of competitive pay practices, our CEO's recommendation (except with respect to his own awards) and other factors that our Compensation Committee deems appropriate.

Time-Based Restricted Stock, Stock Options and Performance-Based Restricted Stock

Our Compensation Committee granted time-based restricted stock, time-based options to purchase shares of our Common Stock and performance-vested shares of restricted stock to Messrs. Waldis and Garcia in March 2017 and to Messrs. Putnam and Rizer in May 2017, each of such grants were at the approximate 50th percentile of executives at our peer group companies in similar positions. When Mr. Irving was appointed as our Chief Financial Officer on April 27, 2017, our Compensation Committee granted Mr. Irving shares of time-based restricted stock, time-based options to purchase shares of our Common Stock and performance-vested shares of restricted stock as his new hire equity grant. When Mr. Waldis was appointed as our Chief Executive Officer on April 27, 2017, our Compensation Committee made an additional grant (included below) of 13,764 shares of time-based restricted stock, 40,219 time-based options to purchase shares of our Common Stock and 13,764 performance-vested shares of restricted stock to reflect his increased responsibilities. The time-based restricted shares vest one-third on each of the first, second and third anniversary of their grant date and the stock options vest one-fourth on the first anniversary of their grant date and in equal monthly installments thereafter over the next thirty-six months. The performance-based restricted shares vest 50% on March 31, 2019 and 50% on March 31, 2020, subject to the NEO remaining employed through each vest date and the Company achieving the established performance metrics for 2017. The time-based vesting helps tie our NEOs' variable realizable compensation to our performance and further align their interests with those of our stockholders. See "Description of Awards Granted in 2017," below. The number of shares of time-based restricted stock and performance-based restricted stock awarded and the number of shares subject to the options granted were (which includes all of the equity granted to Mr. Waldis in 2017):

Name	Number of Time-Based Shares of Restricted Stock	Number of Shares Subject to Options	Number of Shares Subject to Performance Vesting Restricted Stock
Stephen G. Waldis	56,914	163,764	56,914
Lawrence Irving	47,654	140,161	47,654
Robert E. Garcia	32,125	91,787	32,125
Christopher S. Putnam	30,618	87,481	30,618
Daniel Rizer	20,412	58,320	20,412

As the Company did not satisfy the performance vesting objectives in 2017, all of the shares of Performance Vested Restricted Stock were cancelled and forfeited.

Performance-Based Restricted Shares

2015-2017 Performance Shares

In 2015, our Compensation Committee granted our NEOs the 2015-2017 Performance Shares. As previously discussed, in 2017, we experienced significant changes in our business strategy, our acquisition of Intralinks in 2017, and the divestiture of our activation exception handling business in December 2016. Our Compensation Committee discussed with Deloitte, our independent compensation consultant, alternative methods of granting compensation to our NEOs and measuring performance for open performance cycles in light of these significant items. Accordingly, our Compensation Committee, with the recommendation of Deloitte, in 2017, agreed to modify the 2015-2017 long-term equity incentive plan by basing the performance metrics solely on our Company's performance in 2015 and 2016. Our NEOs were required to remain employed by the Company through February 17, 2018 in order to vest in the shares. The following were the performance targets for the plan established by our Compensation Committee: 60% based on non-GAAP revenue, 30% based on non-GAAP EBITDA and 10% based on the non-GAAP revenue from our Cloud business. The specific target values for the 2015-2017 Performance Shares were originally set using aggressive growth targets tied to key corporate financial metrics for the 2015 and 2016 years. The original performance targets were not changed, but the time period for achieving was reduced to the 2015 and 2016 fiscal years.

The method used to calculate the 2015-2017 Performance Shares earned was based on actual performance compared to our Company's targets for 2015 and 2016, as shown below, using straight-line interpolation between points. The determination of what number of shares (if any) that were earned was made in January 2017. Our NEOs were fully vested in their 2015-2017 Performance Shares on February 17, 2018.

Our NEOs were awarded 2015-2017 Performance Shares that provided the opportunity to earn the following restricted shares based on the performance of our business during the 2015-2017 performance period:

Name	Threshold	Target	Maximum
Stephen G. Waldis	12,951	25,901	51,802
Robert E. Garcia	8,489	16,978	33,956
Christopher S. Putnam	535	1,069	2,138
Daniel Rizer	1,918	3,386	7,762

In February 2015, our Compensation Committee approved the following threshold, target and maximum performance goals for the 2016 portion of the 2015-2017 Performance Shares:

Corporate Component	Threshold 50% payout	Target 100% payout	Maximum 200% payout	Weighting
Non-GAAP Revenue*	$607,000,000	$661,000,000	$718,000,000	60%
Non-GAAP EBITDA as % of Revenue*	25%	35%	45%	30%
Non-GAAP Cloud Revenue*	$319,000,000	$359,000,000	$402,000,000	10%

* This financial measure is a non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. Please see Appendix A for an explanation and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

During 2016, our Company strategy changed to focus on our enterprise and Cloud businesses, and de-emphasize our activation business. As a result of this change in strategy we (i) divested our exception handling business, (ii) entered in to an agreement to acquire Intralinks, which closed in January 2017, and (iii) did not pursue certain non-strategic opportunities for its legacy activation business. Accordingly, for purposes of determining attainment of the 2016 performance objectives, our Compensation Committee determined it was appropriate to adjust our actual performance to reflect these developments that were not anticipated when the performance goals were set. In consultation with Deloitte, our compensation consultant and after reviewing several alternative approaches, each of which rendered similar results, our Compensation Committee, based on Deloitte's recommended approach, in order to reflect a full year of performance, determined actual 2016 performance by taking our actual 2016 non-GAAP revenue and non-GAAP EBITDA from continuing operations and adding to that (i) non-GAAP revenue and non-GAAP EBITDA related to discontinued operations, (ii) forecasted non- GAAP revenue and non-GAAP EBITDA for the divested business from the date of the transaction in the beginning of December 2016 through the end of the calendar year and (iii) activation-related revenue opportunities that were not pursued as a result of our Company's shift in business strategy relating to our anticipated Intralinks acquisition.

As a result, we determined an Adjusted Non-GAAP revenue measure of $698.4 million (comprised of $490.2 million from continuing operations, $145.6 million from discontinued operations and $62.6 million from forecasted non-GAAP revenue for the divested business from the date of the transaction in the beginning of December 2016 through the end of the calendar year and the strategic opportunities not pursued, as discussed above), representing 20% growth from 2015. Using the same adjustments, we determined an Adjusted Non-GAAP EBITDA measure of $237.2 million (comprised of $136.5 million from continuing operations, $46.2 million from discontinued operations and $54.6 million from forecasted non-GAAP EBITDA for the divested business from the date of the transaction in the beginning of December 2016 through the end of the calendar year and the strategic opportunities not pursued, as discussed above), representing a 14% growth from 2015. The level of plan payout that was applied to each of the performance objectives, which payout percentages were then applied to performance shares, is as set forth in the following table:

In 2016, based on the above calculation, our attainment under the stated metrics was as follows:

- our Adjusted Non-GAAP revenue was $698.4 million, which was above the target attainment, resulting in a 108% payout with respect to this component;
- our 2016 Adjusted Non-GAAP EBITDA was $237.2 million, or 34% of revenue, which was slightly below the target attainment, resulting in a 95% payout with respect to this component; and
- our 2016 non-GAAP Cloud revenue was $403.4 million, which was significantly above the maximum, resulting in a 200% payout with respect to this component.

Corporate Component	Achievement	Plan Payout	Weighting
Adjusted Non-GAAP Revenue*	$698,400,000	165%	60%
Adjusted Non-GAAP EBITDA*	34%	95%	30%
Non-GAAP Cloud Revenue*	$403,381,000	200%	10%

As a result, our NEOs earned 147.5% of the target number of 2015-2017 Performance Shares based on the Company's 2015 and 2016 financial performance. All of these 2015-2017 Performance Shares vested on February 17, 2018 other than Mr. Putnam, whose shares vested on June 4, 2018. The actual number of 2015-2017 Performance Shares awarded based on our 2015 and 2016 performance is set forth below:

Name	2015 - 2017 Target Shares	Attainment %	Shares Earned
Stephen G. Waldis	25,901	147.5%	38,204
Robert E. Garcia	16,978	147.5%	25,043
Daniel Rizer	3,836	147.5%	5,658
Christopher Putnam	1,069	147.5%	1,577

As neither Mr. Lurie nor Mr. Irving were with the Company in 2015, neither of them were granted any 2015-2017 Performance Shares.

2016-2018 Performance Shares

In 2016, our Compensation Committee granted our NEOs the 2016-2018 Performance Shares. The actual number of 2016-2018 Performance Shares earned were originally based on our Company’s financial performance over the three-year period commencing on January 1, 2016 based on the following criteria: 60% based on non-GAAP revenue, 30% based on non-GAAP EBITDA and 10% based on the non-GAAP revenue from our Enterprise business. The specific target values for the 2016-2018 Performance Shares were set using aggressive three-year growth targets tied to key corporate financial metrics. In 2017, for the same reasons discussed above, our Compensation Committee, with the recommendation of Deloitte, agreed to modify the 2016-2018 long-term equity incentive plan by approving that (i) one-third of the 2016-2018 Performance Shares would be awarded based on our Company’s performance in 2016 and (ii) two-thirds of the 2016-2018 Performance Shares would be awarded based on our Company’s future performance in 2017 and 2018. Our NEOs are required to remain employed by the Company through February 2019 in order to vest in the shares.

Our NEOs were awarded 2016-2018 Performance Shares that provided the opportunity to earn the following restricted shares based on the performance of our business during the 2016-2018 performance period:

Name	Threshold	Target	Maximum
Stephen G. Waldis	26,476	52,951	105,902
Robert E. Garcia	16,144	32,287	64,574
Christopher S. Putnam	4,972	9,944	19,888
Daniel Rizer	3,487	6,974	13,948

The method used to calculate the 2016-2018 Performance Shares earned will be based on actual performance compared to our Company’s targets for the 2016-2018 Performance Shares, as shown below, using straight-line interpolation between points. The determination of what number of shares (if any) were earned for the 2016 and 2017 performance periods is set forth below. The determination of what number of shares (if any) are earned for the 2018 performance period will be made in January 2019 and any shares earned for the entire 2016-2018 performance period will vest in February of 2019.

2016 Performance Period - One-third of the 2016-2018 Performance Shares

In February 2016, our Compensation Committee approved the following threshold, target and maximum performance goals for the 2016 portion of the 2016-2018 Performance Shares:

Corporate Component	Threshold 50% payout	Target 100% payout	Maximum 200% payout	Weighting
Non-GAAP Revenue*	$667,000,000	$696,000,000	$725,000,000	60%
Non-GAAP EBITDA as % of Revenue*	25%	35%	45%	30%
Enterprise Business Revenue* (% of total revenue)	N/A	15%	N/A	10%

In 2016, our attainment under the stated metrics was as follows:

- our Adjusted Non-GAAP revenue was $698.4 million, which was above the target attainment, resulting in a 108% payout with respect to this component;
- our 2016 Adjusted Non-GAAP EBITDA was $237.2 million, or 34% of revenue, which was slightly below the target attainment, resulting in a 95% payout with respect to this component; and
- our 2016 non-GAAP Enterprise Business revenue was 3% of total revenue, which was significantly below the target payout, resulting in a 0% payout with respect to this component.

Corporate Component	Achievement	Plan Payout	Weighting
Adjusted Non-GAAP Revenue*	$698,400,000	165%	60%
Adjusted Non-GAAP EBITDA*	34%	95%	30%
Enterprise Business Revenue* (% of total revenue)	3%	—%	10%

As a result, our NEOs earned 93.3% of the target number of the 2016-2018 Performance Shares allocable to 2016 (“2016 Target Shares”) based on the Company's 2016 financial performance. These Performance Shares will vest in February 2019, provided the NEOs remain employees of the Company through that time. The actual number of 2016-2018 Performance Shares earned based on our 2016 performance is set forth below:

Name	2016 - 2018 Target Shares	2016 Target Shares	Attainment %	Shares Earned
Stephen G. Waldis	52,951	17,650	93.3%	16,467
Robert E. Garcia	32,287	10,762	93.3%	10,040
Daniel Rizer	6,974	2,325	93.3%	2,169
Christopher Putnam	9,944	3,647	93.3%	3,402

2017 Performance Period - One-third of the 2016-2018 Performance Shares

In July of 2017, our Compensation Committee approved the following threshold, target and maximum performance goals for 2017 for the 2016-2018 Performance Shares:

Corporate Component	Threshold 50% payout	Target 100% payout	Maximum 200% payout	Weighting
Non-GAAP Revenue*	$781,000,000	$827,000,000	$872,000,000	40%
Non-GAAP EBITDA*	$247,000,000	$279,000,000	$311,000,000	40%
Recurring Revenue*	$559,000,000	$592,000,000	$625,000,000	20%

In 2017, our attainment under the stated metrics was as follows:

- our Adjusted Non-GAAP revenue was $407.3 million, which was below the threshold attainment, resulting in a 0% payout with respect to this component;
- our 2017 Adjusted Non-GAAP EBITDA was $61.5 million, which was below the threshold attainment, resulting in a 0% payout with respect to this component; and
- because the Adjusted Non-GAAP revenue was less than the $781.0 million threshold, the NEOs were not entitled to any payout under the recurring revenue component regardless of what the 2017 Adjusted Non-GAAP recurring revenue was, resulting in a 0% payout with respect to this component.

Corporate Component	Achievement	Plan Payout	Weighting
Adjusted Non-GAAP Revenue*	$407,300,000	—%	60%
Adjusted Non-GAAP EBITDA*	61,500,000	—%	30%
Recurring Revenue*	307,300,000	—%	10%

* This financial measure is a non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. Please see Appendix A for an explanation and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

As a result, our NEOs earned 0% of the target number of 2016-2018 Performance Shares allocable to 2017 ("2017 Target Shares") based on the Company's 2017 financial performance. The actual number of 2016-2018 Performance Shares earned based on our 2017 performance is set forth below:

Name	2016-2018 Target Shares	2017 Target Shares	Attainment %	Performance Shares Earned
Stephen G. Waldis	52,951	17,650	0%	0
Robert E. Garcia	32,287	10,762	0%	0
Christopher S. Putnam	9,944	3,647	0%	0
Daniel Rizer	6,974	2,325	0%	0

The targets that were to be set for the 2018 performance period of the 2016-2018 plan will not be disclosed in this Form 10-K due to the proprietary nature and competitive sensitivity of that information. The performance targets and achieved results will be fully disclosed after completion of the 2018 performance period. As neither Mr. Irving nor Mr. Lurie were with the Company in 2016, neither of them were granted any 2016-2018 Performance Shares.

2017-2019 Performance Based Restricted Shares

In 2017, our Compensation Committee granted our NEOs the 2017-2019 Performance Based Restricted Shares. Although in prior years, the executive long-term incentive plan was based on a three-year period, for the same reasons discussed above, in 2017, our Compensation Committee approved that the actual number of 2017-2019 Performance Based Restricted Shares earned would be based on our Company's financial performance over the twelve month period ending on December 31, 2017 based on the following criteria: 40% based on non-GAAP revenue, 40% based on non-GAAP EBITDA and 20% based on the non-GAAP recurring revenue. If the targets were achieved, then 50% of Performance Based Restricted Shares would vest on March 31, 2019 and the remaining 50% would vest on March 31, 2020.

Our NEOs were awarded 2017-2019 Performance Shares that provided the opportunity to earn the following restricted shares based on the performance of our business during the 2017-2019 performance period:

Name	Threshold	Target	Maximum
Stephen G. Waldis	28,457	56,914	113,828
Robert E. Garcia	16,063	32,125	64,250
Lawrence Irving	23,827	47,654	95,308
Christopher S. Putnam	15.309	30.618	61,236
Daniel Rizer	10.206	20.412	40,824

In July of 2017, our Compensation Committee approved the following threshold, target and maximum performance goals for the 2017-2019 Performance Shares based on the financial performance of the Company in 2017:

Corporate Component	Threshold 50% payout	Target 100% payout	Maximum 200% payout	Weighting
Non-GAAP Revenue*	$781,000,000	$827,000,000	$872,000,000	40%
Non-GAAP EBITDA*	$247,000,000	$279,000,000	$311,000,000	40%
Recurring Revenue**	$559,000,000	$592,000,000	$625,000,000	20%

**** If the Company failed to reach the $781 million threshold revenue target, the NEOs would not qualify for any payout under the recurring revenue target.**

In 2017, our attainment under the stated metrics was as follows:

- our Adjusted Non-GAAP revenue was $407.3 million, which was above the target attainment, resulting in a 0% payout with respect to this component;
- our 2017 Adjusted Non-GAAP EBITDA was $61.5 million, which was below the target attainment, resulting in a 0% payout with respect to this component; and
- because the Adjusted Non-GAAP revenue was less than the $781.0 million target threshold, the NEOs were not entitled to any payout under the recurring revenue component regardless of what the 2017 Adjusted Non-GAAP recurring revenue was, resulting in a 0% payout with respect to this component.

Corporate Component	Achievement	Plan Payout	Weighting
Adjusted Non-GAAP Revenue*	$407,300,000	—%	60%
Adjusted Non-GAAP EBITDA*	61,500,000	—%	30%
Recurring Revenue*	307,300,000	—%	10%

* This financial measure is a non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accordance with GAAP. Please see Appendix A for an explanation and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

The method used to calculate the 2017-2019 Performance Based Restricted Shares earned was based on actual performance for the twelve-month period ending December 31, 2017 compared to our Company's targets for the 2017-2019 Performance Based Restricted Shares, as shown below, using straight-line interpolation between points. The determination of what number of shares were earned was made in January 2018.

As a result of the Company's failure to meet the Non-GAAP revenue or the Non-GAAP EBITDA targets for 2017, our NEOs earned 0% of the target number of 2017-2019 Performance Shares based on the Company's 2017 financial performance. The actual number of 2016-2018 Performance Shares earned based on our 2017 performance is set forth below:

Name	2017 - 2019 Target Shares	Attainment %	Shares Earned
Stephen G. Waldis	52,951	—%	—
Robert E. Garcia	32,125	—%	—
Lawrence Irving	47,654	—%	—
Daniel Rizer	20,412	—%	—
Christopher Putnam	30,618	—%	—

As the Company failed to achieve the threshold targets, none of the 2017-2019 Performance Based Restricted Shares were earned and all of shares were canceled.

Retention Bonus Plan

In 2017, in recognition of the uncertainty related to the changes in our named executive officers and significant shift in our business strategy, our Compensation Committee approved an executive retention bonus plan for our NEOs, other than our Chief Executive Officer, and certain other senior executive officers, in order to retain these key employees. The Retention Bonus Plan provides an opportunity to earn cash and shares of the Company's common stock for participants who continue their employment with the Company through the earlier of the following: (i) an involuntary termination, (ii) the 12 month anniversary of a change of control or (iii) July 26, 2019; provided, however, that if the equity portion of the retention awards are not assumed, continued, converted or replaced by the surviving or successor entity in connection with the change in control, then the equity will immediately vest upon the closing of such a change in control transaction.

Additionally, to incentivize the executives to enhance shareholder value, additional incentives were built in to the retention plan to reward the NEOs for the growth of the price of our common stock. Specifically, under the retention bonus plan, if at any time prior to July 26, 2019, the volume-weighted average of our common stock's closing price for 20 consecutive trading days exceeds (i) $30, then the retention awards, once vested, will pay out above the original target amounts by 125% and (ii) $35, then the retention awards, once vested, will pay out above the original target amounts by 150% for such participants.

			$30 Stock Price (125%)		$35 Stock Price (150%)	
Participant	**Target Cash**	**Target Shares**	**Cash**	**Shares**	**Cash**	**Shares**
Robert Garcia	$475,000	39,500	$593,750	49,375	$712,500	59,250
Lawrence Irving	$425,000	32,700	$531,250	40,875	$637,500	49,050
Christopher Putnam	$340,000	28,350	$425,000	35,438	$510,000	42,525
Daniel Rizer	$420,000	35,000	$525,000	43,750	$630,000	52,500

Other Benefits and Perquisites

Other Perquisites

Our NEOs are eligible to participate in all of our employee benefit plans (other than our employee stock purchase plan), such as medical, dental, vision, group life and disability insurance and our 401(k) plan, in each case, on the same basis as our other employees. In 2017, we leased an automobile (and paid applicable insurance and gas) for Mr. Waldis, Mr. Lurie (during the time he was employed by our Company) and Mr. Irving (during the time he was employed by our Company) and provided a car allowance to Mr. Garcia, each to be used primarily for business purposes. Mr. Lurie is also entitled to the following fringe benefits: (1) a housing allowance of $72,000 per year for the first year and half of employment with our Company; (2) the reimbursement of up to $27,000 for relocation expenses; (3) an automobile lease and insurance allowance of $17,000 per year; and (4) the reimbursement of the cost of airfare for Mr. Lurie and his family from Arizona to New Jersey and back up to six times per year. There were no other special benefits or perquisites provided to any NEO in 2017.

Financial Restatement, Recoupment and Related Policies

We have a comprehensive Code of Business Conduct and ensure that our employees comply with this policy. In accordance with this policy, we investigate all reported instances of questionable or unethical behavior, and where improper behavior is found to have occurred, we take appropriate remedial action up to and including termination. If the results of an investigation establish that one of our employees, officers or directors has committed fraud or engaged in some other improper act that has the result of causing our financial statements for any period to be restated or that otherwise adversely affects those financial statements, our Board has discretion to take immediate and appropriate disciplinary action against the individual, including but not limited to termination. In addition, our Board has discretion to pursue whatever legal remedies are available to prosecute the individual to the fullest extent of the law and to clawback or recoup any amounts he or she inappropriately received as a result of the improper action or inaction, including but not limited to any annual or long-term incentives that he or she received but would not have received had such act not been taken.

Executive Officer Stock Ownership Guidelines

We have instituted stock ownership guidelines for our executive officers with the purpose of ensuring they maintain a meaningful equity stake in our Company to further align their interests with those of our stockholders. Each executive officer who is also subject to Section 16 of the Exchange Act or who directly reports to our Chief Executive Officer (which includes all of our NEOs) is required to own, as of the later of January 1, 2020 or five years from the date on which the individual first began reporting to our Chief

Executive Officer or first became a Section 16 officer, a number of vested shares of our Common Stock having a value at least equal to (a) in the case of our CEO, five times his then current base salary; (b) for any direct report of our CEO, three times that individual's then current base salary; and (c) for other executive officers subject to this policy, one and one-half times the individual's then current base salary. If an executive officer is not compliant at the end of his or her phase-in period, our Compensation Committee may reduce future equity grants to that individual until he or she becomes compliant. Based on shareholdings on December 31, 2017, each of our NEOs, other than our Chief Executive Officer and Chief Financial Officer, exceeded his or her applicable minimum holding requirements on that date. Messrs. Lurie and Irving joined us in 2017 and have not begun vesting in their restricted stock and options and, therefore, have not had an opportunity to acquire our Common Stock as of December 31, 2017.

Tax Matters

Section 162(m) of the Code generally denies a deduction to any publicly-held corporation for compensation paid in a taxable year to its named executive officers exceeding $1 million. As a result of changes made by the 2017 Tax Cuts and Jobs Act, Section 162(m) will limit the Company from deducting compensation, including performance-based compensation, in excess of $1 million paid to anyone who serves as the chief executive officer, chief financial officer or who is among the three most highly compensated executive officers for any year beginning after December 31, 2016. The only exception to this rule is for compensation that is paid pursuant to a binding contract in effect on November 2, 2017, that would have otherwise been deductible under the prior Section 162(m) rules. Prior to the enactment of the 2017 Tax Cuts and Jobs Act, Section 162(m) limited us from deducting compensation paid in years prior to 2018, excluding performance-based compensation, in excess of $1 million paid to anyone who served as the chief executive officer or who was one of the three most highly compensated executive officers for the applicable tax year, excluding the chief financial officer. Our Compensation Committee considers tax and accounting implications in determining all elements of our compensation plans, programs and arrangements. Prior to the enactment of the 2017 Tax Cuts and Jobs Act, the Compensation Committee retained the discretion to make awards of either bonuses or equity awards that did not satisfy Section 162(m) and, therefore, may not have been deductible. Base salaries, time-vested restricted stock units, time-vested retention and transition payments, and discretionary or subjectively determined bonus awards generally did not qualify as performance-based compensation under the pre-2017 Tax Cuts and Jobs Act rules.

Management Changes-Named Executive Officer Separation Agreements

As disclosed on the Current Report on Form 8-K filed with the SEC on January 19, 2017, in connection with the closing of the Intralinks Transaction, our Board appointed Ronald W. Hovsepian as our Chief Executive Officer and appointed Mr. Hovsepian as a Class III member of our Board. Effective at the same time, Mr. Waldis resigned as our Chief Executive Officer and was appointed as Executive Chairman of our Board. As disclosed on our Current Report on Form 8-K filed with the SEC on April 27, 2017, effective as of April 27, 2017, Mr. Hovsepian resigned as our Chief Executive Officer and as a Class III member of our Board. On the same date, our Board appointed Mr. Waldis as our Chief Executive Officer and he continued to serve as Chairman of our Board. On November 13, 2017, our Board appointed Glenn Lurie as our Chief Executive Officer and as a Class III member of our Board. Mr. Waldis resigned as our Chief Executive Officer as of that same date and continued to serve as Executive Chairman of our Board.

In connection with Mr. Hovsepian's resignation, he entered into a separation agreement with our Company dated April 26, 2017, pursuant to which the Company agreed to a lump-sum severance payment equal to $3.2 million and a lump sum payment intended to cover the employer portion of COBRA payments for a period of twenty-four months. Mr. Hovsepian agreed to a general release of claims against the Company, among other customary terms. The Company also agreed to fully vest 18,260 shares of its common stock previously issued to Mr. Hovsepian, and his remaining unvested shares were forfeited. The severance and vesting of shares of the Company's common stock is provided for in the employment agreement between Intralinks, a then wholly-owned subsidiary of the Company, and Mr. Hovsepian. Due to his extensive experience with the Intralinks business, as part of his separation agreement, we also agreed with Mr. Hovsepian on a consulting arrangement pursuant to which Mr. Hovsepian would provide consulting services to the Company for a two year period beginning May 1, 2017 in return for a consulting fee of $750,000 per year.

As disclosed on the Current Report on Form 8-K filed with the SEC on February 14, 2017, Karen L. Rosenberger resigned as our Chief Financial Officer, effective February 27, 2017, and her employment with us terminated as of April 1, 2017. In connection with her departure, Ms. Rosenberger entered into a separation agreement with the Company pursuant to which the Company agreed to a lump-sum severance payment equal to $1.2 million, a transition payment of $200,000, and a lump sum payment intended to cover the employer portion of COBRA payments for a period of eighteen months. Ms. Rosenberger agreed to a general release of claims against the Company, among other customary terms. Pursuant to the separation agreement, due to her knowledge of the business and necessary assistance to the transition to the new CFO, our Company entered into a consulting arrangement pursuant to which Ms. Rosenberger would provide consulting services to the Company for at least three months in return for a fee of $580,000. All of Ms. Rosenberger's unvested equity terminated as of her termination date.

As disclosed on the Current Report on Form 8-K filed with the SEC on March 2, 2017, effective as of February 27, 2017, our Board appointed John W. Frederick to serve as the Company’s Chief Financial Officer and Treasurer. As disclosed on Current Report on Form 8-K filed with the SEC on April 27, 2017, effective as of April 27, 2017, Mr. Frederick resigned as the Company’s Chief Financial Officer. On April 27, 2017, our Board appointed Mr. Irving as our Chief Financial Officer.

In connection with his resignation, Mr. Frederick entered into a separation agreement with the Company dated April 26, 2017, pursuant to which the Company agreed to a lump-sum severance payment equal to $1.2 million and an agreement to reimburse him for the employer portion of any COBRA payments for a period of up to eighteen months. Mr. Frederick agreed to a general release of claims against the Company, among other customary terms. The lump sum severance payment was provided for in the employment agreement between the Company and Mr. Frederick. All of Mr. Frederick’s unvested equity terminated as of the date of his resignation and he was not vested in any equity.

Our Chief Strategy Officer, Daniel Rizer, who was a Named Executive Officer on December 31, 2017, terminated his employment with the Company, effective as of March 31, 2018. In exchange for a broad release in favor of the Company, the Release Agreement provides for the following payments to Mr. Rizer: (i) lump sum severance payment in the amount of $911,484 (less all applicable withholdings and deductions) paid in accordance with his employment agreement; (ii) the gross amount of $15,315, which is intended to cover the employer portion of any COBRA payments for a period of eighteen months following the Termination Date; (iii) payment under our retention plan of $420,000 (less all applicable withholdings and deductions); and (iv) vested in 35,000 retention restricted shares. All of Mr. Rizer’s unvested equity terminated as of the Termination Date.

Our President and General Manager-Americas, Christopher Putnam, who was a Named Executive Officer on December 31, 2017, will terminate his employment with the Company, effective as of June 30, 2018. In exchange for a broad release in favor of the Company, the Release Agreement provides for the following payments to Mr. Putnam: (i) lump sum severance payment in the amount of $791,250 (less all applicable withholdings and deductions) paid in accordance with his employment agreement; (ii) the gross amount of $13,941, which is intended to cover the employer portion of any COBRA payments for a period of eighteen months following the Termination Date; (iii) payment under our retention plan of $340,000 (less all applicable withholdings and deductions); and (iv) vested in 28,350 retention restricted shares. All of Mr. Putnam’s unvested equity will terminate as of the Termination Date.

Compensation Committee Report[(1)]

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee has recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Form 10-K submitted by the following members of the Compensation Committee:

William J. Cadogan, Chair
Thomas J. Hopkins
James M. McCormick

(1) The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference in any filing of Synchronoss Technologies, Inc. under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Summary Compensation Table

The following table sets forth all of the compensation awarded to, earned by, or paid to our NEOs for the years indicated:

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[2]	Option Awards ($)[11]	Non-Equity Incentive Plan Compensation ($)[12]	All Other Compensation ($)	Total ($)
Glenn Lurie	2017	122,139		5,437,503 [3]	5,295,953	—	19,866 [13]	10,875,461
Chief Executive Officer								
Ron Hovsepian	2017	198,347		4,262,979 [4]	1,421,000	—	4,046,334 [14]	9,928,660
Former Chief Executive Officer								
Stephen G. Waldis	2017	603,220		4,374,900 [5]	1,468,232	748,155	20,888 [15]	7,215,395
Former Chief Executive Officer	2016	608,900		3,069,569	1,261,248	821,216	20,074	5,781,007
and Executive Chairman	2015	591,165		4,269,514	1,128,651	962,000	23,613	6,974,943
Lawrence Irving	2017	283,333	150,000	3,616,716 [6]	651,959	—	19,127 [16]	4,721,135
Chief Financial Officer								
John W. Frederick	2017	110,185		3,300,003 [7]	—	—	1,227,697 [17]	4,637,885
Former Chief Financial Officer								
Karen L. Rosenberger	2017	90,000		—	—	241,272	2,019,145 [18]	2,350,417
Former Chief Financial Officer	2016	360,000		748,682	307,617	242,409	63,338	1,722,046
	2015	330,000		1,011,634	267,436	258,750	19,704	1,887,524
Robert E. Garcia	2017	475,000		4,573,719 [8]	833,334	402,301	17,700 [19]	6,302,054
Chief Commercial Officer	2016	450,204		1,871,677	769,056	433,770	17,150	3,541,857
	2015	437,091		2,798,597	739,817	506,049	17,150	4,498,704
Christopher S. Putnam	2017	340,000		2,988,351 [9]	499,998	408,000	8,100 [20]	4,244,449
EVP, Sales	2016	340,000		738,124	225,711	375,000	7,950	1,686,785
	2015	250,000		769,964	295,726	150,000	6,833	1,472,523
Daniel Rizer	2017	420,000		2,837,484 [10]	333,328	375,312	8,100 [20]	3,974,224
Chief Strategy Officer	2016	420,000		1,867,458	158,294	421,010	7,950	2,874,712
	2015	385,786		539,996	159,911	279,282	7,800	1,372,775

(1) The amounts set forth in this column represent the subjective individual component portion of our annual cash incentive bonus awards paid to the NEOs. See "Compensation Discussion and Analysis" above for further discussion of the subjective individual component.

(2) The amounts in this column reflect the grant date fair value, computed in accordance with FASB ASC Topic No. 718, of the performance share awards (with the grant date fair value determined using the probable outcome of the performance conditions) and the time-based restricted share award granted to our NEOs. See “Compensation Discussion and Analysis” above for further discussion of these share awards. See Footnote 3 to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for a discussion of our assumptions in estimating the fair value of our share awards. Our executive officers will not realize any value of these awards until these awards are sold.

(3) Mr. Lurie was granted a performance-based restricted share award as a newly hired executive. The grant date value of the share award assuming the highest level of performance conditions is achieved was $3,625,002. Mr. Lurie’s actual performance based grant will be based on 2018 metrics. Mr. Lurie was also granted time-based restricted stock with a grant date value of $1,812,501.

(4) Mr. Hovespian was granted a performance-based restricted share award as 2017-2019 Performance Shares as described in greater detail in “Compensation Discussion and Analysis.” The grant date value of the performance-based restricted share award assuming the highest level of performance conditions is achieved was $2,841,986; however, none of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017. Mr. Hovespian was also granted time-based restricted shares with a grant date value of $1,420,993.

(5) Mr. Waldis was granted performance-based restricted awards under both the 2017-2019 Performance Shares plan as well as under a New Hire Executive Grant. The total grant date value of the performance-based restricted share awards assuming the highest level of performance conditions is achieved was $2,916,600. None of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017. Mr. Waldis was also granted time based restricted stock awards with a grant date value total of $1,458,300.

(6) Mr. Irving was granted performance-based restricted share awards as 2017-2019 Performance Shares as described in greater detail in “Compensation Discussion and Analysis” above and performance-based restricted shares pursuant to the Retention Bonus Plan. The grant date value of the 2017-2019 Performance Shares assuming the highest level of performance conditions is achieved was $1,266,644; however, none of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017. The grant date value of the Retention Bonus Plan assuming the highest level of performance conditions is achieved was $1,716,750, which will be achieved if at any time prior to July 26, 2019, the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $35. Mr. Irving was also granted time-based restricted stock grants as a new hire. The grant date value of the time-based restricted stock grants was $633,322.

(7) Mr. Fredericks was granted performance-based restricted share awards as 2017-2019 Performance Shares as described in greater detail in “Compensation Discussion and Analysis.” The grant date value of the performance-based restricted share award assuming the highest level of performance conditions is achieved was $1,900,002; however, none of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017. Mr. Fredericks was also granted (i) time-based restricted shares with a grant date value of $950,001 and (ii) time-based restricted shares with a grant date value of $450,000.

(8) Mr. Garcia was granted performance-based restricted share awards as 2017-2019 Performance Shares as described in greater detail in “Compensation Discussion and Analysis” above and performance-based restricted shares pursuant to the Retention Bonus Plan. The grant date value of the 2017-2019 Performance Shares assuming the highest level of performance conditions is achieved was $1,666,646; however, none of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017. The grant date value of the Retention Bonus Plan assuming the highest level of performance conditions is achieved was $2,073,750, which will be achieved if at any time prior to July 26, 2019, the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $35. Mr. Garcia was also granted time-based restricted awards with a grant date value of $833,323.

(9) Mr. Putnam was granted performance-based restricted share awards as 2017-2019 Performance Shares as described in greater detail in “Compensation Discussion and Analysis” above and performance-based restricted shares pursuant to the Retention Bonus Plan. The grant date value of the 2017-2019 Performance Shares assuming the highest level of performance conditions is achieved was $999,984; however, none of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017. The grant date value of the Retention Bonus Plan assuming the highest level of performance conditions is achieved was $1,488,375 which will be achieved if at any time prior to July 26, 2019, the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $35. Mr. Putnam was also granted time-based awards with a grant date value of $499,992.

(10) Mr. Rizer was granted performance-based restricted share awards as 2017-2019 Performance Shares as described in greater detail in “Compensation Discussion and Analysis” above and performance-based restricted shares pursuant to the Retention Bonus Plan. The grant date value of the 2017-2019 Performance Shares assuming the highest level of performance conditions is achieved was $666,656; however, none of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017. The grant date value of the Retention Bonus Plan assuming the highest level of performance conditions is achieved was $1,837,500 which will be achieved if at any time prior to July 26, 2019, the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $35. Mr. Rizer was also granted time-based awards with a grant date value of $333,328.

(11) The amounts in this column reflect the grant date fair value, computed in accordance with FASB ASC Topic No. 718, of option awards granted to our NEOs. See Footnote 2 to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for a discussion of our assumptions in estimating the fair value of our stock option awards. Our NEOs will not realize any value with respect to these awards until these awards are exercised or sold.

(12) The amounts under this column include amounts paid based on the objective corporate component of the Company’s annual incentive bonus compensation plan described under “Compensation Discussion and Analysis” above. The amounts shown are the 2016 bonuses paid in 2017.

(13) Reflects amounts paid for (i) automobile expenses totaling $4,442 and (ii) housing expenses totaling $15,424.

(14) Reflects amounts paid for (i) consulting services totaling $750,000 and (ii) severance payments totaling $3,246,792.

(15) Reflects amounts paid for (i) automobile expenses and (ii) 401k company match of $8,100 totaling $20,888.

(16) Reflects amounts paid for (i) automobile expenses and (ii) 401k company match of $8,100 totaling $19,127.

(17) Reflects amounts paid for (i) final paid time off totaling $32,197 and (ii) severance totaling $1,195,500.

(18) Reflects amounts paid for (i) final paid time off totaling $13,650, (ii) severance totaling $1,805,495 and (iii) a transition bonus totaling $200,000.

(19) Reflects amounts paid for (i) automobile expenses totaling $9,600 and (ii) 401k company match of $8,100 totaling $17,700.

(20) Reflects amounts paid for 401k company matching totaling $8,100.

Grants of Plan Based Awards

The following table sets forth each plan-based award granted to our NEOs during the year ended December 31, 2017. The FASB ASC Topic No. 718 value of these awards is also reflected in the Stock Awards and Option Awards columns of the Summary Compensation Table above:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Inventive Plan Awards (2)			Number of Shares of Stock	Awards Securities Underlying	Exercise or Base Price of Option	Value of Stock and Option
Name[a]	Grant Date	Threshold ($)(1)(2)	Target ($)	Maximum ($)	Threshold (#)(4)(5)	Target (#)(3)	Maximum (#)	or Units (#)	Options (#)	Awards ($/Sh)	Awards ($)(6)
Glenn					90,264	180,528	361,056				
Lurie	11/13/2017							180,528			1,812,501
	11/13/2017								507,101	10.04	1,781,953
	11/13/2017								1,000,000	10.04	3,514,000
Stephen G.		343,750	687,500	1,203,125	28,457	56,914	113,828				
Waldis	3/24/2017							43,240			1,121,646
	4/26/2017							13,674			336,654
	3/24/2017								123,545	25.94	121,665
	4/26/2017								40,219	24.62	346,567
Ron		—	—	—	—	—	—				
Hovespian	3/24/2017							54,780			1,420,993
	3/24/2017								156,515	25.94	1,421,000
Lawrence		170,000	340,000	595,000							
Irving		425,000	531,250	637,500	23,827	47,654	95,308				
	7/26/2017				32,700	40,875	49,050				
	4/27/2017							47,654			633,322
	4/27/2017								140,161	13.29	651,959
John W.		—	—	—	—	—	—				
Frederick	3/24/2017							36,623			950,001
	3/24/2017							17,348			450,007
Karen		—	—	—	—	—	—	—	—	—	—
Rosenberger											
Robert E.		190,000	380,000	665,000							
Garcia		475,000	593,750	712,500	16,063	32,125	64,250				
	7/26/2017				39,500	49,375	59,250				
	3/24/2017							32,125			833,323
	3/24/2017								91,787	25.94	833,334
Christopher		187,000	374,000	654,500							

Putnam		340,000	425,000	510,000	15,309	30,618	61,236				
	7/26/2017				28,350	35,438	42,525				
	5/8/2017							30,618			499,992
	5/8/2017								87,481	16.33	499,998
Daniel		168,000	336,000	588,000							
Rizer		420,000	525,000	630,000	10,206	20,412	40,824				
	7/26/2017				35,000	43,750	52,500				333,328
	5/8/2017							20.412	58,320	16.33	333,328

(1) Each of our NEOs, other than Mr. Lurie who was hired on November 13, 2017, was granted a non-equity incentive plan award pursuant to our 2017 annual incentive bonus compensation plan. The amounts shown in the “Threshold” column reflect the cash payment that would have been awarded under our 2017 annual incentive bonus plan if we had achieved the threshold payout level for a single corporate objective with the lowest weight. The amounts shown in the “Target” column reflect the target payment level under our 2017 annual incentive bonus plan if we had achieved all of the objectives previously approved by our Compensation Committee at target levels. The amounts shown in the “Maximum” column reflect the maximum payouts under our 2017 annual incentive bonus compensation plan if we had achieved all of the objectives previously approved by our Compensation Committee at or above the maximum level. The corporate and business components of our 2017 annual incentive bonus compensation plan are discussed in greater detail in “*Compensation Discussion and Analysis*” above. The actual amounts paid to each NEO are shown in the Summary Compensation Table above. The table does not include the individual discretionary component portion of the NEOs’ aggregate targeted annual cash incentive bonus amount.

(2) Reflects non-equity award (cash) granted pursuant to the Retention Bonus Plan. The amounts shown in the “threshold” column reflects the minimum award granted under the Retention Bonus Plan. The “target” column above reflects the award granted if the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $30. The “maximum” column reflects the award granted if the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $35.

(3) Represents target number of performance shares. The actual number of the shares subject to be issued, which could range from 0 to two times the initial target amount, will depend upon whether the issuer has met certain performance metrics for 2018 and 2019. One-half of the shares, if any, will be issued on or about March 2019 based on the issuer's performance for 2018 and the remaining one-half of the shares, if any, will be issued on or about March 2020 based on the issuer's performance for 2019.

(4) Reflects 2017-2019 Performance Shares as described in greater detail in “Compensation Discussion and Analysis” above. The amounts shown in the “threshold” column reflect the 2017-2019 Performance Shares that will be earned if certain minimum financial goals are achieved. The amounts shown in the “target” column reflect the number of 2017-2019 Performance Shares that will be earned if all of the 2017-2019 financial goals are achieved at target levels. The amounts shown in the “maximum” column reflect the maximum number of 2017-2019 Performance Shares that can be earned if all of the 2017-2019 financial goals are achieved at or above maximum levels. None of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017.

(5) Reflects restricted stock granted pursuant to the Retention Bonus Plan. The amounts shown in the “threshold” column reflects the minimum amount of shares granted under the Retention Bonus Plan. The “target” column above reflects the number of shares granted if the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $30. The “maximum” column reflects the number of shares granted if the volume-weighted average of our common stock’s closing price for 20 consecutive trading days exceeds $35.

(6) The amount in this column reflects the grant date fair value, computed in accordance with FASB ASC Topic No. 718, of stock awards and options granted to our NEOs. See Footnote 3 to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for a discussion of our assumptions in estimating the fair value of our stock and option awards.

Description of Awards Granted in 2017

- Glenn Lurie:
  On November 13, 2017, we granted Mr. Lurie (i) an option to purchase 507,101 shares of our Common Stock, (ii) 180,528 time-based restricted shares of our Common Stock, (iii) a target award of 180,528 Performance Shares, which are earned based on our Company's achievement of performance metrics to be established by the Committee in 2018 and (iv) an option to purchase 1,000,000 shares of our Common Stock that does not vest until the third anniversary of the grant date.
- Stephen G. Waldis:
  On March 24, 2017, we granted Mr. Waldis (i) an option to purchase 123,545 shares of our Common Stock, (ii) 43,240 time-based restricted shares of our Common Stock, and (iii) a target award of 43,240 Performance Shares. On April 27, 2017 in connection with Mr. Waldis being appointed as our Chief Executive Officer, we granted Mr. Waldis (i) an option to purchase 40,219 shares of our Common Stock, (ii) 13,674 time-based restricted shares of our Common Stock, and (iii) a target award of 13,674 Performance Shares.
- Ron Hovsepian:
  On March 24, 2017, we granted Mr. Hovsepian (i) an option to purchase 156,515 shares of our Common Stock, (ii) 54,780 time-based restricted shares of our Common Stock, and (iii) a target award of 54,780 Performance Shares. All of these shares were forfeited in connection with Mr. Hovespian's termination except for 18,260 shares of common stock that were vested.
- Lawrence Irving:
  On April 27, 2017 we granted Mr. Irving (i) an option to purchase 140,161 shares of our Common Stock, (ii) 47,654 time-based restricted shares of our Common Stock, and (iii) a target award of 47,654 2017 Performance Shares, which are earned based on our Company's achievement of performance metrics discussed in the Compensation Discussion and Analysis section of this Form 10-k. On July 26, 2017, we issued 32,700 Retention Restricted Shares to Mr. Irving under our Retention Plan.
- John W. Frederick:
  On March 24, 2017 we granted Mr. Frederick (i) 36,623 time-based restricted shares of our Common Stock, (ii) 17,348 time-based restricted shares of our Common Stock, and (iii) a target award of 36,623 2017 Performance Shares. As the result of Mr. Frederik's resignation on April 27, 2017, all of these restricted shares were unvested and forfeited on the same date.
- Robert E. Garcia:
  On March 24, 2017, we granted Mr. Garcia (i) an option to purchase 91,787 shares of our Common Stock, (ii) 32,125 time-based restricted shares of our Common Stock, and (iii) a target award of 32,125 Performance Shares, which are earned based on the Company's achievement of performance metrics discussed in the Compensation Discussion and Analysis section of this Form 10-k. On July 26, 2017, we issued 39,500 Retention Restricted Shares to Mr. Garcia under our Retention Plan.
- Christopher S. Putnam:
  On May 8, 2017, we granted Mr. Putnam (i) an option to purchase 87,481 shares of our Common Stock and (ii) 30,618 time-based restricted shares of our Common Stock and (iii) a target award of 30,618 Performance Shares, which are earned based on the Company's achievement of performance metrics discussed in the Compensation Discussion and Analysis section of this Form 10-k. On July 26, 2017, we issued 28,350 Retention Restricted Shares to Mr. Putnam under our Retention Plan.
- Daniel Rizer:
  On May 8, 2017, we granted Mr. Rizer (i) an option to purchase 58,320 shares of our Common Stock and (ii) 20,412 time-based restricted shares of our Common Stock and (iii) a target award of 20,412 Performance Shares, which are earned based on the Company's achievement of performance metrics discussed in the Compensation Discussion and Analysis section of this Form 10-K. .On July 26, 2017, we issued 35,000 Retention Restricted Shares to Mr. Rizer under our Retention Plan.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding each unexercised stock option and all unvested restricted stock held by each of our NEOs as of December 31, 2017:

	Option Awards				Stock Awards			
Name	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 (#)(31)
Glenn Lurie	—	507,101 (13)	10.04	11/13/2024				
	—	1,000,000 (14)	10.04	11/13/2024				
					180,528 (2)	1,613,920		
							180,528 (30)	1,613,920
Stephen G. Waldis	160,000 (3)	—	30.50	12/6/2018				
	76,400 (4)	—	31.02	2/14/2020				
	83,771 (5)	3,642	32.40	2/13/2021				
	49,970 (6)	20,576	41.37	2/9/2022				
	60,978 (7)	72,065	25.81	2/19/2023				
	—	123,545 (11)	25.94	3/24/2024				
	—	40,219 (12)	24.62	4/26/2024				
					8,633 (19)	77,179		
					35300 (20)	315,582		
					43,240 (21)	386,566		
					13,674 (8)	122,246		
					38,204 (9)	341,543		
							105,902 (26)	946,764
							51,802 (27)	463,110
							86,480 (28)	773,131
							27,348 (28)	244,491
Ron Hovsepian	—	—	—		—	—	—	—
Lawrence Irving	—	140,161 (15)	13.29	4/27/2024				
					47,654 (22)	426,026.76		

										95,308	-28	852,053
										49,050	(29)	438,507
John W. Frederick	—		—		—		—		—	—		—
Karen L. Rosenberger	—		—		—		—		—	—		—
Robert E. Garcia	12,323	(4)	—		31.02	2/14/2020						
	38,958	(5)	2,292		32.40	2/13/2021						
	32,755	(6)	13,487		41.37	2/9/2022						
	37,182	(7)	43,942		25.81	2/19/2023						
	—		91,787	(11)	25.94	3/24/2024						
							5,659	(19)	50,591			
							21,524	(20)	192,425			
							32,125	(21)	287,198			
							25,043	(9)	223,884			
										64,574	(26)	577,292
										33,956	(27)	303,567
										64,250	(28)	574,395
										59,250	(29)	529,695
Christopher Putnam	1,938	(16)	969		50.31	4/15/2022						
	9,432	(17)	8,677		36.06	11/13/2022						
	11,452	(7)	13,534		25.81	2/19/2023						
	—		87,481	(18)	16.33	5/8/2024						
							356	(23)	3,183			
							4,000	(10)	35,760			
							6,629	(20)	59,263			
							30,618	(24)	273,725			
										19,888	(26)	177,799
										2,138	(27)	19,114
										61,236	(28)	547,450
										42,525	(29)	380,174
Daniel Rizer	2,200	(4)	—		31.02	2/14/2020						
	7,275	(5)	625		32.40	2/13/2021						
	7,400	(6)	3,047		41.37	2/9/2022						

	8,032 (7)	9,491	25.81	2/19/2023				
	—	58,320 (18)	16.33	5/8/2024				
					1,278 (19)	11,425		
					6,666 (25)	59,594		
					4,649 (20)	41,562		
					20,412 (24)	182,483		
					5,658 (32)	50,583		
							13,948 (26)	124,695
							7,702 (27)	6,858
							40,824 (28)	364,967
							52,500 (29)	469,350

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(1) Computed in accordance with SEC rules as the number of unvested shares multiplied by the closing market price per share of our Common Stock on December 29, 2017, which was the last trading day of 2017, which was $8.94 per share. The actual value (if any) to be realized by the NEO depends on whether the shares vest and the future performance of our Common Stock. Each of the options and restricted shares automatically vest if we are acquired and the NEO is either involuntarily terminated or voluntarily resigns for good reason under certain circumstances following our change of control, as discussed in more detail below under "*Employment Agreements*."

(2) Reflects restricted shares granted on November 13, 2017. One-third of the shares vested on November 13, 2018 and one-third of the shares will vest on each of November 13, 2019 and 2020, provided the NEO remains continuously employed by the Company on those dates.

(3) The option vested over four years of continuous service following December 6, 2011, with 25% vesting after the first year of service and the remaining shares vesting in equal monthly installments over an additional 36 months of continuous service. As a result, the option is fully exercisable.

(4) The option vested over four years of continuous service following February 14, 2013, with 25% vesting after the first year of service and the remaining shares vesting in equal monthly installments over an additional 36 months of continuous service. As a result, the option became fully exercisable on February 14, 2017.

(5) The option vests over four years from the vesting start date of February 13, 2014, with 25% vesting after the completion of the first year of service to the Company and the remaining shares vesting in equal monthly installments over an additional 36 months of continuous service to the Company. As a result, the option will be fully exercisable on February 13, 2018.

(6) The option vests over four years of continuous service following February 9, 2015, with 25% vesting after the first year of service and the remaining shares vesting in equal monthly installments over an additional 36 months of continuous service. As a result, the option will be fully exercisable on February 9, 2019.

(7) The option vests over four years of continuous service following February 19, 2016, with 25% vesting after the first year of service and the remaining shares vesting in equal monthly installments over an additional 36 months of continuous service. As a result, the option will be fully exercisable on February 19, 2020.

(8) Reflects restricted shares granted on April 26, 2017. One-third of the shares vested on April 26, 2018 and one-third of the shares will vest on each of April 26, 2019 and 2020 provided the NEO remains continuously employed by the Company on those dates.

(9) Reflects restricted shares granted on June 30, 2015. The shares fully vested on February 17, 2018.

(10) Reflects restricted shares vesting over four years of continuous service following November 13, 2015, with 25% of the shares vesting after the first year of service and the remaining shares vesting ratably on a quarterly basis thereafter, provided the NEO remains continuously employed by the Company through those dates.

(11) The options shall become exercisable with respect to the first 25% of the shares subject to the option when the Reporting Person completes 12 months of continuous service after March 24, 2017. The option shall become exercisable to an additional 1/48th of the shares subject to the option when the Reporting Person completes each month of continuous service thereafter.

(12) The options shall become exercisable with respect to the first 25% of the shares subject to the option when the Reporting Person completes 12 months of continuous service after April 26, 2017. The option shall become exercisable to an additional 1/48th of the shares subject to the option when the Reporting Person completes each month of continuous service thereafter.

(13) The options shall become exercisable with respect to the first 25% of the shares subject to the option when the Reporting Person completes 12 months of continuous service after November 13, 2017. The option shall become exercisable to an additional 1/48th of the shares subject to the option when the Reporting Person completes each month of continuous service thereafter.

(14) The option shall become exercisable with respect to the shares subject to the option when the person completes there years of continuous service after November 13, 2017.

(15) The options shall become exercisable with respect to the first 25% of the shares subject to the option when the Reporting Person completes 12 months of continuous service after April 27, 2017. The option shall become exercisable to an additional 1/48th of the shares subject to the option when the Reporting Person completes each month of continuous service thereafter.

(16) The options shall become exercisable with respect to the first 25% of the shares subject to the option when the Reporting Person completes 12 months of continuous service after April 15, 2015. The option shall become exercisable to an additional 1/48th of the shares subject to the option when the Reporting Person completes each month of continuous service thereafter.

(17) The options shall become exercisable with respect to the first 25% of the shares subject to the option when the Reporting Person completes 12 months of continuous service after November 13, 2015. The option shall become exercisable to an additional 1/48th of the shares subject to the option when the Reporting Person completes each month of continuous service thereafter.

(18) The options shall become exercisable with respect to the first 25% of the shares subject to the option when the Reporting Person completes 12 months of continuous service after May 8, 2017. The option shall become exercisable to an additional 1/48th of the shares subject to the option when the Reporting Person completes each month of continuous service thereafter.

(19) Reflects restricted shares granted on February 9, 2015. One-third of the shares vested on February 17, 2016 and one-third of the shares will vest on each of February 17, 2017 and 2018, provided the NEO remains continuously employed by the Company on those dates. The shares are currently fully vested.

(20) Reflects restricted shares granted on February 19, 2016. One-third of the shares vested on February 19, 2017 and one-third of the shares will vest on each of February 19, 2018 and 2019, provided the NEO remains continuously employed by the Company on those dates.

(21) Reflects restricted shares granted on March 24, 2017. One-third of the shares vested on February 24, 2018 and one-third of the shares will vest on each of March 24, 2019 and 2020, provided the NEO remains continuously employed by the Company on those dates.

(22) Reflects restricted shares granted on April 27, 2017. One-third of the shares vested on April 27, 2018 and one-third of the shares will vest on each of April 27, 2019 and 2020, provided the NEO remains continuously employed by the Company on those dates.

(23) Reflects restricted shares granted on April 15, 2015. One-third of the shares vested on April 15, 2016 and one-third of the shares will vest on each of April 15, 2017 and 2018, provided the NEO remains continuously employed by the Company on those dates. The shares are currently fully vested.

(24) Reflects restricted shares granted on May 8, 2017. One-third of the shares vested on May 8, 2018 and one-third of the shares will vest on each of May 8, 2019 and 2020, provided the NEO remains continuously employed by the Company on those dates.

(25) Reflects restricted shares granted on May 11, 2015. One-third of the shares vested on May 11, 2016 and one-third of the shares will vest on each of May 11, 2017 and 2018, provided the NEO remains continuously employed by the Company on those dates.

(26) Each NEO was awarded a 2016-2018 performance-based restricted share award that is earned upon our Company's achievement of certain financial objectives for the three-year period from 2016 to 2018 (as described in greater detail in "Compensation Discussion and Analysis" above). In order to align the Executives with the Company's strategic direction, the Compensation Committee agreed to terminated the 2016-2018 plan after the 2016 performance year and bifurcate the 2016-2018 into 2 tranches: 1) shares earned in 2016 and 2) shares earned from 2017-2018. The amount shown reflects the maximum award if all of the associated performance metrics are achieved. The actual earned amounts are reflected in the table below:

Name of Recipient	Shares Earned 2016	Shares Earned 2017
Stephen G. Waldis	16,467	0
Robert E. Garcia	10,040	0
Christopher Putnam	3,402	0
Daniel Rizer	2,169	0

(27) Each NEO employed by our Company on February 19, 2015 was awarded a 2015-2017 performance-based restricted share award that vests upon our Company's achievement of certain financial objectives for the three-year period from 2015 to 2017. The amount shown reflects the maximum award if all of the associated performance metrics are achieved. The actual earned amounts are reflected in the table below:

Name of Recipient	Shares Earned
Stephen G. Waldis	38,204
Robert E. Garcia	25,043
Christopher Putnam	1,577
Daniel Rizer	5,658

(28) Reflects 2017-2019 Performance Shares as described in greater detail in "Compensation Discussion and Analysis" above. The amounts shown reflect the 2017-2019 Performance Shares that will be earned if certain financial goals are achieved. The actual number of shares subject to be issued could range from 0 to two times the amount shown above. None of the financial goals were achieved in 2017, and, thus, there were no shares earned in 2017.

(29) Represents the maximum amount of restricted stock that may be granted pursuant to the Retention Bonus Plan. The possible amounts of shares are displayed for each participant in the table below. If at any time prior to July 26, 2019, the volume-weighted average of the Company's Common Stock closing price for 20 consecutive trading days (i) exceeds $30, the number of shares that will vest upon the vesting date shall be 125% of the target amount and (ii) exceeds $35, the number of shares that will vest upon the vesting date shall be 150% of the target amount.

Participant	Target Shares	$30 Stock Price (125%) Shares	$35 Stock Price (150%) Shares
Robert E. Garcia	39,500	49,375	59,250
Lawrence Irving	32,700	40,875	49,050
Christopher Putnam	28,350	35,438	42,525
Daniel Rizer	35,000	43,750	52,500

(30) Represents target number of performance shares. The actual number of the shares subject to be issued, which could range from 0 to two times the initial target amount, will depend upon whether the issuer has met certain performance metrics for 2018 and 2019. One-half of the shares, if any, will be issued on or about March 2019 based on the issuer's performance for 2018 and the remaining one-half of the shares, if any, will be issued on or about March 2020 based on the issuer's performance for 2019. The Reporting Person will be entitled to sell the shares upon issuance provided the Reporting Person is continuously employed by the Company through the date of issuance.

(31) Computed in accordance with SEC rules as the number of unvested shares multiplied by the closing market price per share of our Common Stock on December 29, 2017, which was the last trading day of 2017, which was $8.94 per share. The actual value (if any) to be realized by the NEO depends on whether the shares vest and the future performance of our Common Stock. Each of the options and restricted shares automatically vest if we are acquired and the NEO is either involuntarily terminated or voluntarily resigns for good reason under certain circumstances following our change of control, as discussed in more detail below under "*Employment Agreements*."

(32) Reflects restricted shares granted on June 29, 2015. The shares fully vested on February 17, 2018.

Option Exercises and Stock Vested

The following table shows the number of shares acquired upon exercise of stock options by each NEO during the year ended December 31, 2017, and the shares of restricted stock held by each NEO that vested during the year ended December 31, 2017.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($) (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
Glenn Lurie	—	—	—	—
Ronald Hovsepian	—	—	18,260	242,675
Stephen G. Waldis	—	—	74,126	2,580,863
Lawrence Irving	—	—	—	—
John Frederick	—	—	—	—
Karen Rosenberger	777	3,700	14,502	498,928
Robert E. Garcia	22,320	167,986	48,125	1,676,691
Christopher S. Putnam	—	—	11,921	286,037
Daniel Rizer	—	—	17,358	479,247

(1) For option awards, value realized on exercise is based on the fair market value of our Common Stock on the exercise date less the exercise price. For stock awards, value realized on vesting is based on the fair market value of our Common Stock on the vesting date. In neither case do the amounts set forth above necessarily reflect proceeds actually received by the NEO. Our NEOs will only realize value on these awards when the underlying shares are sold, which value may differ from the value shown in the table above as it is dependent on the price at which such shares of Common Stock are actually sold.

Employment Agreements

Chief Executive Officer

In connection with the appointment of Mr. Lurie as our Chief Executive Officer on November 13, 2017, we entered into an employment agreement with him. Pursuant to the terms of his appointment as Chief Executive Officer, Mr. Lurie is entitled to receive an annual base salary of $750,000 and be eligible to receive an annual performance bonus, with a target amount equal to 120% of his annual base salary, based upon the achievement of certain Company and individual objectives as determined by the Board or its Compensation Committee. The Board or its Compensation Committee shall review Mr. Lurie's base salary at least annually to determine whether to increase (but not decrease) the base salary in its discretion

The Company granted Mr. Lurie an initial award of 180,528 time-based restricted stock awards, time-based stock options to purchase 507,101 shares of the Company's common stock and 180,528 performance shares, effective on his first day of employment. The restricted stock awards will vest in equal annual installments on each anniversary of the grant date over a period of three years. Each vested Performance Share will entitle Mr. Lurie to receive one share of common stock of the Company. The 2018 and 2019 Company performance goals shall be determined by the Board or its Compensation Committee at the time the Company's business plan for such period is determined.

In addition, as an inducement for Mr. Lurie to join our Company as Chief Executive, due to his unique skill set, he was granted a one-time option to purchase 1,000,000 shares of the Company's common stock (the "Challenge Grant" and collectively with the RSAs, the Initial Options and the Performance Shares, the "Inducement Awards"), at an exercise price of $10.04 per share, the closing price of the Company's common stock on The Nasdaq Global Select Market on November 13, 2017. The Challenge Grant shall vest in full on the third anniversary of the date of grant and shall expire on the seventh anniversary of the date of grant.

Pursuant to his employment agreement, Mr. Lurie will be eligible to receive severance benefits if he is subject to an involuntary termination, contingent on him signing and not revoking a general release of all claims against the Company. The employment agreement provides that if prior to, or after 24 months following, the occurrence of a "change in control" (as defined in the employment agreement), Mr. Lurie is subject to an "involuntary termination" (as defined in the employment agreement), he shall be eligible to receive a lump-sum severance payment equal to (i) two times the sum of his base salary in effect at the time of termination plus his average bonus received in the immediately preceding two years plus (ii) an amount equal to 24 times the monthly amount the Company was paying on behalf of Mr. Lurie and his eligible dependents with respect to the Company's group health insurance plans in which

Mr. Lurie and his eligible dependents were participants as of the date of termination. In addition, all stock options, shares of restricted stock, and other equity awards granted by the Company and held by Mr. Lurie at the time of the involuntary termination shall be credited with an additional 12 months of vesting service as of the date of the termination; except that if the termination occurs prior to the third anniversary of the date of the grant of the Challenge Grant, then the number of shares subject to the Challenge Grant which vest shall equal to the product of (i) 1,000,000 shares and (ii) a fraction equal to (A) the number of complete calendar months that have elapsed since November 13, 2017 through the date of the involuntary termination and (B) 36. Acceleration of performance vested restricted stock shall be determined based on the actual achievement of pro-rated performance goals through the date of involuntary termination. The amount of these severance benefits shall be reduced by the amount of severance pay or pay in lieu of notice that Mr. Lurie receives from the Company under any applicable federal or state statute.

The employment agreement also provide that if an involuntary termination occurs within 120 days prior to or 24 months following a change in control, Mr. Lurie shall be eligible to receive a lump sum severance payment equal to (i) 2.99 times his base salary in effect at the time, (ii) two times his average bonus received in the immediately preceding two years, plus (iii) an amount equal to 24 times the monthly amount the Company was paying on behalf of Mr. Lurie and his eligible dependents with respect to the Company’s group health insurance plans in which Mr. Lurie and his eligible dependents were participants as of the date of termination. In addition, his outstanding stock options, shares of restricted stock, and other equity awards granted by the Company shall accelerate and be fully vested (other than performance-related restricted stock that is tied to performance after the change of control). The amount of these severance benefits shall be reduced by the amount of severance pay or pay in lieu of notice that Mr. Lurie receives from the Company under any applicable federal or state statute.

In the event of Mr. Lurie’s death, Mr. Lurie’s estate will receive an amount equal to his target cash incentive bonus for the fiscal year in which such termination occurs (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year). In addition, all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by Mr. Lurie at the time of his death (other than the Challenge Grant) shall accelerate and be fully vested, and a pro rata portion of the Challenge Grant equal to (i) 1,000,000 shares times (ii) a fraction the numerator of which is the number of complete calendar months that have elapsed between November 13, 2017 and the date Mr. Lurie’s employment ends due to death, and the denominator of which is 36 shall accelerate and be fully vested.

If Mr. Lurie’s employment terminates due to “permanent disability” (as defined in the employment agreement), Mr. Lurie will be entitled to receive (i) an amount equal to his target cash incentive bonus for the fiscal year in which such termination occurs (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days of employment completed during that fiscal year, plus (ii) a lump sum amount equal to 24 times the monthly amount the Company was paying on behalf of Mr. Lurie and his eligible dependents with respect to the Company’s group health insurance plans in which Mr. Lurie and his eligible dependents were participants as of the date of termination. In addition, all stock options, shares of restricted stock (other than performance-related restricted stock) and other time-based equity awards granted by the Company and held by Mr. Lurie (other than the Challenge Grant) shall accelerate and be fully vested as of the date of Mr. Lurie’s termination, and (ii) a pro rata portion of the Challenge Grant equal to (i) 1,000,000 shares times (ii) a fraction the numerator of which is the number of complete calendar months that have elapsed between November 13, 2017 and the date Mr. Lurie’s employment ends due to disability, and the denominator of which is 36 shall accelerate and be fully vested.

Chief Financial Officer

In connection with Mr. Irving’s appointment as our Chief Financial Officer on April 27, 2017, we entered into an employment agreement with him. Pursuant to the terms of his employment with the Company, Mr. Irving will receive an annual base salary of $425,000 and be eligible to receive an annual performance bonus, with a target amount equal to 80% of his annual base salary, based upon the achievement of certain Company and individual objectives as determined by the Compensation Committee or the Board. In addition, the Company will grant Mr. Irving equity awards worth $1.9 million in value, based on the Company’s stock price on the date of grant. One-third of the grant is stock options, with 25% vesting one year after the date of the grant and 1/48th monthly thereafter, one-third is time-based restricted stock awards, with one-third vesting each year, and one-third is performance shares, with vesting based on the approval by the Board or the Compensation Committee that the Company has met certain performance metrics.

Other Named Executive Officers

We entered into an employment agreement with Mr. Garcia on May 1, 2017, replacing his employment agreement dated January 1, 2015. Effective January 1, 2017, the employment agreements of Messrs. Putnam and Rizer were terminated as were most of the other executives of the Company, and replaced by Tier One Employment Plans, with substantially the same terms as the employment agreements of Messrs. Garcia and Irving. The employment agreement and Tier One Employment Plans are collectively referred to as the "Employment Arrangements". Pursuant to the Employment Arrangements, each NEO will be eligible to receive severance benefits if he is subject to an involuntary termination, contingent on him signing and not revoking a general release of all claims against the Company. The Employment Arrangements provide that if prior to, or after 24 months following, the occurrence of a "change in control" (as defined in the Employment Arrangements), the NEO is subject to an "involuntary termination" (as defined in the employment agreement), he shall be eligible to receive a lump-sum severance payment equal to (i) one and one-half times the sum of his base salary in effect at the time of termination plus his average bonus received in the immediately preceding two years plus (ii) an amount equal to 24 times the monthly amount the Company was paying on behalf of each NEO and his eligible dependents with respect to the Company's group health insurance plans in which Mr. Irving and his eligible dependents were participants as of the date of termination. In addition, all stock options, shares of restricted stock (other than performance related restricted stock), and other time based equity awards granted by the Company and held by the NEO shall accelerate and be fully vested. The amount of these severance benefits shall be reduced by the amount of severance pay or pay in lieu of notice that the NEO receives from the Company under any applicable federal or state statute.

The Employment Arrangements also provide that if an involuntary termination occurs within 120 days prior to or 24 months following a change in control, the NEO shall be eligible to receive a lump sum severance payment equal to two times his base salary in effect at the time and his average bonus received in the immediately preceding two years, plus an amount equal to 24 times the monthly amount the Company was paying on behalf of the NEO and his eligible dependents with respect to the Company's group health insurance plans in which the NEO and his eligible dependents were participants as of the date of termination. The amount of these severance benefits shall be reduced by the amount of severance pay or pay in lieu of notice that the NEO receives from the Company under any applicable federal or state statute.

In the event of a NEO's death, his estate will receive an amount equal to his target cash incentive bonus for the fiscal year in which such termination occurs (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year). In addition, all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by the NEO at the time of his death shall accelerate and be fully vested .

If a NEO's employment terminates due to "permanent disability" (as defined in the Employment Arrangements), he will be entitled to receive (i) an amount equal to his target cash incentive bonus for the fiscal year in which such termination occurs (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days of employment completed during that fiscal year, plus (ii) a lump sum amount equal to 24 times the monthly amount the Company was paying on behalf of Mr. Irving and his eligible dependents with respect to the Company's group health insurance plans in which Mr. Irving and his eligible dependents were participants as of the date of termination. In addition, all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by the NEO at the time of his permanent disability shall accelerate and be fully vested.

Estimated Payments and Benefits

The table below reflects the potential payments and benefits to which the NEOs would be entitled pursuant to their respective employment agreements. There are no agreements, arrangements or plans that entitle executive officers to severance, perquisites, or other enhanced benefits in connection with the termination of their employment other than the employment agreements. The amounts shown in the table below assume that each termination was effective as of December 31, 2017.

Name	Benefit	Voluntary Resignation/ Termination for Cause ($)	Involuntary Termination Prior to, or More Than 24 Months after, a Change in Control ($)	Termination Due to Death or Disability ($)	Involuntary Termination Within 24 Months After a Change in Control ($)
Glenn Lurie	Severance (1)	$ —	$ 3,300,000 (10)	$ 900,000	$ 4,042,500
	Option Acceleration (2)	—	—	—	—
	Restricted Stock Acceleration (3)	—	537,973	1,613,920	1,613,920
	Accrued Vacation (6)	48,077	48,077	48,077	48,077
	Benefit Continuation (7)	—	30,550	30,550 (8)	30,550
	Total Value	$ 48,077	$ 3,916,600	$ 2,592,547	$ 5,735,047
Stephen G. Waldis	Severance (1)	$ —	$ 1,998,155	$ 687,500	$ 2,616,905
	Option Acceleration (2)	—	—	—	—
	Restricted Stock Acceleration (3)	—	—	1,243,116	1,243,116
	Accrued Vacation (6)	48,077	48,077	48,077	48,077
	Benefit Continuation (7)	—	30,550	30,550 (8)	30,550
	Total Value	$ 48,077	$ 2,076,782	$ 2,009,243	$ 3,938,648
Lawrence Irving	Severance (1)	$ —	$ 1,147,500	$ 340,000	$ 1,221,159
	Option Acceleration (2)	—	—	—	—
	Restricted Stock Acceleration (3)	—	—	718,365	718,365
	Retention Plan Equity Acceleration	—	292,338 (4)	292,338 (4)	292,338
	Retention Plan Non-Equity	—	425,000 (5)	425,000 (5)	425,000
	Accrued Vacation (6)	32,692	32,692	32,692	32,692
	Benefit Continuation (7)	—	19,847	19,847 (8)	19,847
	Total Value	$ 32,692	$ 1,917,377	$ 1,828,242	$ 2,709,401
Robert E. Garcia	Severance (1)	$ —	$ 1,068,750	$ 380,000	$ 1,425,000
	Option Acceleration (2)	—	—	—	—
	Restricted Stock Acceleration (3)	—	—	1,107,228	1,107,228
	Retention Plan Equity Acceleration	—	353,130 (4)	353,130 (4)	353,130
	Retention Plan Non-Equity	—	475,000 (5)	475,000 (5)	475,000
	Accrued Vacation (6)	36,538	36,538	36,538	36,538
	Benefit Continuation (7)	—	27,875	27,875 (8)	27,875
	Total Value	$ 36,538	$ 1,961,293	$ 2,379,771	$ 3,424,771
Christopher S. Putnam	Severance (1)	$ —	$ 816,000	$ 408,000	$ 1,088,000
	Option Acceleration (2)	—	—	—	—

	Restricted Stock Acceleration (3)	—	—	625,379	625,379
	Retention Plan Equity Acceleration	—	253,449 (4)	253,449 (4)	253,449
	Retention Plan Non-Equity	—	340,000 (5)	340,000 (5)	340,000
	Accrued Vacation (6)	26,154	26,154	26,154	26,154
	Benefit Continuation (7)	—	13,941	27,882 (8)	27,882
	Total Value	$ 26,154	$ 1,449,544	$ 1,680,864	$ 2,360,864
Daniel Rizer	Severance (1)	$ —	$ 911,484	$ 336,000	$ 1,215,312
	Option Acceleration (2)	—	—	—	—
	Restricted Stock Acceleration (3)	—	—	658,547	658,547
	Retention Plan Equity Acceleration	—	312,900 (4)	312,900 (4)	312,900
	Retention Plan Non-Equity	—	420,000 (5)	420,000 (5)	420,000
	Accrued Vacation (6)	32,308	32,308	32,308	32,308
	Benefit Continuation (7)	—	15,275	30,550 (8)	30,550
	Total Value	$ 32,308	$ 1,691,967	$ 1,790,305	$ 2,669,617

(1) For purposes of valuing cash severance payments in the table above, we used each executive officer's base salary as of December 31, 2017. For purposes of calculating cash severance payments in the table above in the event of an involuntary termination (whether prior to, within 24 months following, or more than 24 months following, a change in control), we used each NEO's average annual bonuses for 2016 and 2017 and, for purposes of calculating cash severance payments in the table above in the event of a termination due to permanent disability, we used the NEO's target bonus as of December 31, 2017.

(2) The value of option acceleration shown in the table above was calculated based on the assumption that the triggering event occurred on December 31, 2017. The value of the vesting acceleration was calculated by multiplying the number of unvested shares subject to each option by the excess of the closing price of our Common Stock on December 29, 2017, the last trading day of the year, over the exercise price of the option.

(3) The value of restricted stock acceleration shown in the table above was calculated based on the assumption that the triggering event occurred on December 31, 2017. The value of the vesting acceleration was calculated by multiplying the number of unvested shares subject to each restricted stock grant by the closing price of our Common Stock on December 29, 2017, the last trading day of the year.

(4) Amount shown reflects the total price of the Target number of shares earned based on the assumption that the triggering event occurred on December 31, 2017. The value of the vesting acceleration was calculated by multiplying the Target shares by the closing price of our Common Stock on December 29, 2017, the last trading day of the year. Participants in the Retention Bonus Plan may earn higher amounts of shares if the closing price of the volume-weighted average of the Company's Common Stock exceeds a certain price for 20 consecutive trading days at any point prior to July 26, 2019. In the event of an Involuntary Termination other than for death or disability, the performance multiplier will be the greater of the Target multiplier or the highest Common Stock closing price level attained over 20 consecutive trading days. In the event of an Involuntary Termination for death or disability, the Company may elect to waive the Company's volume-weighted average Common Stock closing price for 20 consecutive trading days. The below table represents the price level and performance multiplier for each participant in the Retention Bonus Plan.

Participant	Target Shares	Shares if $30 Stock Price (125%)	Shares if $35 Stock Price (150%)
Garcia	39,500	49,375	59,250
Irving	32,700	40,875	49,050
Putnam	28,350	35,458	45,525
Rizer	35,000	43,750	52,500

(5) Amount shown reflects the Target cash under the Retention Bonus Plan that would have been the amount granted had the triggering event occurred on December 31, 2017. Participants in the Retention Bonus Plan may earn higher amounts of cash if the closing price of the volume-weighted average of the Company's Common Stock exceeds a certain price for 20 consecutive trading days at any point prior to July 26, 2019. In the event of an Involuntary Termination other than for death or disability, the performance multiplier will be the greater of the Target multiplier or the highest Common Stock closing price level attained over 20 consecutive trading days. In the event of an Involuntary Termination for death or disability, the Company may elect to waive the Company's volume-weighted average Common Stock closing price for 20 consecutive trading days. The below table represents the price level and performance multiplier for each participant in the Retention Bonus Plan.

Participant	Target Cash ($)	Cash ($) if $30 Stock Price (125%)	Cash ($) if $35 Stock Price (150%)
Garcia	475,000	593,750	712,500
Irving	425,000	531,250	637,500
Putnam	340,000	425,000	510,000
Rizer	420,000	525,000	630,000

(6) Based on each executive officer's base salary in effect and twenty (20) accrued but unused vacation days.

(7) Amounts reflect two times the current cost to us of the individual's health and welfare benefits per year.

(8) Only payable in the event of a termination due to permanent disability.

(9) Amounts reflect 1.0 the current costs to us of the individual's health and welfare benefits per year for Involuntary Termination without change in control; 2.0 the current costs to us of the individual's health and welfare benefits per year for Disability or Termination due to change in control.

(10) Receives 12 months of accelerated vesting for options and awards resulting from involuntary termination without change in control.

Pay Ratio Disclosure

As required by the Dodd-Frank Act and applicable SEC rules, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Glenn Lurie our Chief Executive Officer:

For our fiscal year ended December 31, 2017:

- The median of the annual total compensation of all employees (other than our CEO) was $74,216; and
- The annual total compensation of our CEO, as reported in the 2017 Summary Compensation Table included elsewhere in this Proxy Statement, was $10,875,461.

Based on this information the ratio of the annual total compensation of Mr. Lurie to the median of the annual total compensation of our employees was 146 to 1%.

The above ratio is appropriately viewed as an estimate. To identify the median of the annual compensation of our employees, we reviewed the current base salary and the bonus and long term incentive compensation targets of our U.S. and non-U.S. employees as of December 31, 2017. Out of our approximately 1,460 employees, approximately 580 of our employees are located in India. Once we identified our "median employee," using the methodology described above, we determined that employee's annual total compensation in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K for purposes of calculating the required pay ratio. As Mr. Lurie was hired on November 11, 2017, his total compensation utilized for this comparison reflect a one-time inducement grant that was necessary to recruit him to the Company.

Equity Compensation Plan Information

The following table provides information as of December 31, 2017 regarding shares of common stock that may be issued under the Company's equity compensation plans:

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 for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column [a]) [c]
Equity compensation plans approved by security holders	2,329,353 [1]		2,293,712 [2]
Equity compensation plans not approved by security holders [3]	3,775	$ 19.32	—
Total	2,333,128	$ 32.46	2,293,712

(1) In addition, as of December 31, 2016, there were 1,918,437 shares of unvested restricted common stock outstanding, which shares are subject to the risk of forfeiture if the underlying time-based or performance-based vesting conditions are not satisfied.

(2) As of March, 27 2017, there were 3,458,574 shares available for issuance under the 2015 Equity Incentive Plan, which includes shares that were assumed from the Intralinks Holdings, Inc. 2010 Equity Incentive Plan in connection with the consummation of the Intralinks Transaction.

(3) Consists of the 2010 New Hire Equity Incentive Plan, which we assumed in connection with the acquisition of FusionOne, Inc.

Report of the Audit Committee[1]

The Audit Committee of the Board consists of the three non-employee directors named below. The Board annually reviews the Nasdaq listing standards' definition of independence for audit committee members and has determined that each member of the Audit Committee meets that standard. The Board has also determined that each of Donnie M. Moore and Thomas Hopkins is an audit committee financial expert as described in applicable rules and regulations of the Securities and Exchange Commission.

The principal purpose of the Audit Committee is to assist the Board in its general oversight of the Company's accounting and financial reporting processes and audits of the Company's financial statements. The Audit Committee is responsible for selecting and engaging the Company's independent registered public accounting firm and approving the audit and non-audit services to be provided by the independent registered public accounting firm. The Audit Committee's function is more fully described in its charter, which the Board has adopted and which the Audit Committee reviews on an annual basis.

The Company's management is responsible for preparing the Company's financial statements and the Company's financial reporting process. Ernst & Young LLP, the Company's independent registered public accounting firm, is responsible for performing an independent audit of the Company's consolidated financial statements and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles. The Audit Committee has reviewed and discussed with the Company's management the audited financial statements of the Company included in this Form 10-K.

The Audit Committee has also reviewed and discussed with Ernst & Young LLP the audited financial statements in the 10-K. In addition, the Audit Committee discussed with Ernst & Young LLP those matters required to be discussed by Statement on Auditing Standards No. 61, as amended or supplemented, entitled "Communications with Audit Committees." Additionally, Ernst & Young LLP provided to the Audit Committee the written disclosures and the letter required by Rule 3526 of the Public Company Accounting Oversight Board (Communications with Audit Committees Concerning Independence). The Audit Committee also discussed with Ernst & Young LLP its independence from the Company.

Based upon the review and discussions described above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in the 10-K for filing with the United States Securities and Exchange Commission.

Submitted by the following members of the Audit Committee:

Donnie M. Moore, Chair
William J. Cadogan
Thomas J. Hopkins

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(1) The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of Synchronoss Technologies, Inc. under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

Equity Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information known to us regarding beneficial ownership of our Common Stock and Series A Convertible Participating Perpetual Preferred Stock (the "Series A Preferred Stock") as of May 31, 2018 by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than five percent (5%) of our outstanding Common Stock or Series A Preferred Stock;
- each of our named executive officers;
- each of our current directors and directors that served during 2017; and
- all of our current directors and executive officers as a group.

The table below is based upon information supplied by executive officers, directors and principal stockholders and Schedule 13Gs and 13Ds filed with the SEC through May 31, 2018.

As of May 31, 2018, 41,779,208 shares of our Common Stock and 188,353 shares of our Series A Preferred Stock, respectively, were outstanding. As of May 31, 2018, each share of Series A Preferred Stock was convertible into 55.5556 shares of Common Stock, *provided*, *however*, if the holder thereof elects to effect a conversion of some or all of their shares of Series A Preferred Stock and the sum, without duplication, of (i) the aggregate number of shares of Common Stock issued to such holder upon such conversion and any shares of Common Stock previously issued to such holders upon conversion of Series A Preferred Stock and then held by such holders, plus (ii) the number of shares of Common Stock underlying shares of Series A Preferred Stock that would be held at such time by such holders (after giving effect to such conversion), would exceed the 19.99% of the issued and outstanding shares of our Common Stock (the "Conversion Cap"), then such holders would only be entitled to convert such number of shares as would result in the sum of clauses (i) and (ii) (after giving effect to such conversion) being equal to the Conversion Cap (after giving effect to any such limitation on conversion). The holders of shares of the Series A Preferred Stock shall be entitled to vote with the holders of shares of Common Stock (and any other class or series that may similarly be entitled to vote with the holders of Common Stock) on all matters submitted to a vote or to the consent of the stockholders of the Company (including the election of directors) as one class.

The amounts and percentages of our Common Stock and Series A Preferred Stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. The information does not necessarily indicate beneficial ownership for any other purposes. Under the SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of securities as to which such person has no economic interest. Except as otherwise set forth below, the street address of the beneficial owner is c c/o Synchronoss Technologies, Inc., 200 Crossing Boulevard, Bridgewater, NJ 08807.

	Common Stock Beneficially Owned		Series A Preferred Stock Beneficially Owned	
Name	**Shares**	**%**	**Shares**	**%**
5% Stockholders				
Silver Private Holdings I, LLC (1) 601 Lexington Avenue, 59th Floor New York, NY 10022	10,443,430 (2)	19.99%	188,353	100.0%
The Vanguard Group (3) 100 Vanguard Blvd. Malvern, PA 19355	3,687,733	8.8%	—	—
Elk Creek Partners, LLC (4) 44 Cook St., Suite 705 Denver, CO 80206	2,487,832	6.00%	0	0.0%

Directors and Named Executive Officers				
Glenn Lurie (5)	327,834	•	—	—
Stephen G. Waldis (6)	907,570	2.1%	—	—
Lawrence Irving (7)	164,664	•	—	—
Robert E. Garcia (8)	341,805	•	—	—
Christopher Putnam (9)	112,674	•	—	—
Daniel Rizer	43,309	•	—	—
Ronald Hovsepian	13,171	•	—	—
Karen Rosenberger	14,233	•	—	—
John Frederick	—	--	—	—
James M. McCormick (10)	3,121,268	7.5%	—	—
William J. Cadogan (11)	340,559	•	—	—
Thomas J. Hopkins (12)	89,006	•	—	—
Donnie M. Moore (13)	76,799	•	—	—%
Frank Baker (14)	10,443,430 (2)	19.99%	—	—
Peter Berger (15)	10,443,430 (2)	19.99%	—	—
Robert Aquilina (16)	—	—	—	—
All current executive officers and directors as a group (20 persons) (17)	16,473,134	34.4%	188,353	100%

* Less than 1%

(1) Silver Private Holdings I, LLC ("Silver Holdings") is controlled by its sole member, Silver Private Investments, LLC ("Silver Parent"). Silver Parent is controlled by its members, Siris Partners III, L.P. ("Siris Fund III") and Siris Partners III Parallel, L.P. ("Siris Fund III Parallel"). Each of Siris Fund III and Siris Fund III Parallel is controlled by its general partner, Siris Partners GP III, L.P. ("Siris Fund III GP"). Siris Fund III GP is controlled by its general partner, Siris GP HoldCo III, LLC ("Siris Fund III GP HoldCo"). Siris Capital Group III, L.P. ("Siris Fund III Advisor") serves as investment manager to Siris Fund III and Siris Fund III Parallel pursuant to investment management agreements with each of them. Siris Capital Group, LLC ("Siris Capital Group") shares investment management authority in respect of Siris Fund III and Siris Fund III Parallel pursuant to an agreement between Siris Fund III Advisor and Siris Capital Group. Siris Fund III Advisor is controlled by its general partner, Siris Advisor HoldCo III, LLC ("Siris Fund III Advisor HoldCo"). Siris Capital Group is controlled by its managing member, Siris Advisor HoldCo, LLC ("Siris Advisor HoldCo"). Each of Siris Fund III GP HoldCo, Siris Fund III Advisor HoldCo and Siris Advisor HoldCo is controlled by Frank Baker, Peter Berger and Jeffrey Hendren. Based on a Schedule 13D/A filed with the SEC on February 20, 2018.

(2) Consists of shares of our Common Stock issuable upon conversion of the Series A Preferred Stock held by Silver Holdings, subject to the Conversion Cap.

(3) Based on a Schedule 13G/A filed with the SEC on February 9, 2018.

(4) Based on a Schedule 13G/A filed with the SEC on February 13, 2018.

(5) Includes 327,834 shares subject to options exercisable within 60 days of May 31, 2018. Excludes [•] shares subject to options not exercisable within 60 days of May 31, 2018.

(6) Includes 55,592 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes 518,202 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 172,954 shares subject to options not exercisable within 60 days of May 31, 2018.

(7) Includes 120,625 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes 43,801 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 139,054 shares subject to options not exercisable within 60 days of May 31, 2018.

(8) Includes 145,831 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes 172,679 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 156,223 shares subject to options not exercisable within 60 days of May 31, 2018.

(9) Includes 57,627 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes 55,047 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 78,436 shares subject to options not exercisable within 60 days of May 31, 2018.

(10) Includes 43,104 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes 37,281 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 25,186 shares subject to options not exercisable within 60 days of May 31, 2018.

(11) Includes 43,104 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes 37,281 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 25,186 shares subject to options not exercisable within 60 days of May 31, 2018.

(12) Includes 43,104 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes37,281 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 25,186 shares subject to options not exercisable within 60 days of May 31, 2018.

(13) Includes 39,518 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes 37,281 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 25,186 shares subject to options not exercisable within 60 days of May 31, 2018.

(14) Includes securities beneficially owned by Silver Holdings as set forth in footnote 1 above, for which Mr. Baker may be deemed to share voting and investment power. Mr. Baker disclaims beneficial ownership of the securities held by Silver Holdings except to the extent of his pecuniary interest therein, if any.

(15) Includes securities beneficially owned by Silver Holdings as set forth in footnote 1 above, for which Mr. Berger may be deemed to share voting and investment power. Mr. Berger disclaims beneficial ownership of the securities held by Silver Holdings except to the extent of his pecuniary interest therein, if any.

(16) Excludes 30,000 shares subject to options not exercisable within 60 days of May 31, 2018.

(17) Includes 1,207,869 shares of restricted common stock subject to the Company's lapsing right of repurchase. Includes1,082,180 shares subject to options exercisable within 60 days of May 31, 2018. Excludes 2,494,566 shares subject to options not exercisable within 60 days of May 31, 2018.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS*

Certain Related Party Transactions

Transactions, arrangements or relationships in which we were, are or will be a participant and the amount involved exceeds $120,000, and in which any related person had, has or will have a direct or indirect material interest are subject to review, approval or ratification by our Board or a committee composed of members of our Board. Our Audit Committee has the principal responsibility for reviewing related person transactions pursuant to written policies and procedures adopted by our Board, subject to specified exceptions and other than those that involve compensation. In conformance with regulations of the SEC, these policies and procedures define related persons to include our executive officers, our directors and nominees to become a director of our Company, any person who is known to us to be the beneficial owner of more than 5% of any class of our voting securities, any immediate family member of, or person sharing the household with, any of the foregoing persons, and any firm, corporation or other entity in which any of the foregoing persons is employed, is a general partner or in which such person has a 5% or greater beneficial ownership interest. In accordance with our policies and procedures, related person transactions shall be consummated or shall continue only if approved or ratified by our Audit Committee or the disinterested members of our Board and only if the terms of the transaction are determined to be in, or not to be inconsistent with, the best interests of our Company and our stockholders. The approval of our Compensation Committee is required to approve any transaction that involves compensation to our directors and executive officers. This approval process does not apply to any transaction that is available to all of our employees generally.

Siris Capital Group

In accordance with the terms of that certain Securities Purchase Agreement, dated as of October 17, 2017 (the "PIPE Purchase Agreement"), between Synchronoss and Silver Private Holdings I, LLC, an affiliate of Siris ("Silver"), on February 15, 2018, Synchronoss issued to Silver 185,000 shares of Synchronoss' Series A Convertible Participating Perpetual Preferred Stock (the "Series A Preferred Stock"), par value $0.0001 per share, with an initial liquidation preference of $1,000 per share, in exchange for $97.7 million in cash and the transfer from Silver to Synchronoss of the Existing Siris Shares (the "Preferred Transaction"). In connection with the issuance of the Series A Preferred Stock, Synchronoss (i) filed a Certificate of Designation with the State of Delaware setting forth the rights, preferences, privileges, qualifications, restrictions and limitations on the Series A Preferred Stock (the "Series A Certificate") and (ii) entered into an Investor Rights Agreement with Silver setting forth certain registration, governance and preemptive rights of Silver with respect to Synchronoss (the "Investor Rights Agreement").

Pursuant to the PIPE Purchase Agreement, at the closing, Synchronoss paid to Siris $5 million as a reimbursement of Silver's reasonable costs and expenses incurred in connection with the Preferred Transaction.

Certificate of Designation of the Series A Preferred Stock

The rights, preferences, privileges, qualifications, restrictions and limitations of the shares of Series A Preferred Stock are set forth in the Series A Certificate. Under the Series A Certificate, the holders of the Series A Preferred Stock are entitled to receive, on each share of Series A Preferred Stock on a quarterly basis, an amount equal to the dividend rate of 14.5% divided by four and multiplied by the then-applicable Liquidation Preference (as defined in the Series A Certificate) per share of Series A Preferred Stock (collectively, the "Preferred Dividends"). The Preferred Dividends are due on January 1, April 1, July 1 and October 1 of each year (each, a "Series A Dividend Payment Date"). Synchronoss may choose to pay the Preferred Dividends in cash or in additional shares of Series A Preferred Stock. In the event Synchronoss does not declare and pay a dividend in-kind or in cash on any Series A Dividend Payment Date, the unpaid amount of the Preferred Dividend will be added to the Liquidation Preference. In addition, the Series A Preferred Stock participates in dividends declared and paid on shares of Common Stock.

Each share of Series A Preferred Stock is convertible, at the option of the holder, into the number of shares of Common Stock equal to the "Conversion Price" (as that term is defined in the Series A Certificate) multiplied by the then applicable "Conversion Rate" (as that term is defined in the Series A Certificate). Each share of Series A Preferred Stock is initially convertible into 55.5556 shares of Common Stock, representing an initial "conversion price" of approximately $18.00 per share of Common Stock. The Conversion Rate is subject to equitable proportionate adjustment in the event of stock splits, recapitalizations and other events set forth in the Series A Certificate.

On and after the fifth anniversary of February 15, 2018, holders of shares of Series A Preferred Stock have the right to cause Synchronoss to redeem each share of Series A Preferred Stock for cash in an amount equal to the sum of the current liquidation preference and any accrued dividends. Each share of Series A Preferred Stock is also redeemable at the option of the holder upon the occurrence of a "Fundamental Change" (as that term is defined in the Series A Certificate) at a specified premium. In addition, the Company is also permitted to redeem all outstanding shares of the Series A Preferred Stock (i) at any time within the first 30 months of the date of issuance for the sum of the then-applicable Liquidation Preference, accrued but unpaid dividends and a make whole amount and (ii) at any time following the 30-month anniversary of the date of issuance for the sum of the then-applicable Liquidation Preference and the accrued but unpaid dividends.

The holders of a majority of the Series A Preferred Stock, voting separately as a class, are entitled at each annual meeting of the stockholders of the Company or at any special meeting called for the purpose of electing directors (or by written consent signed by the holders of a majority of the then-outstanding shares of Series A Preferred Stock in lieu of such a meeting): (i) to nominate and elect two members of the Board of Directors of Synchronoss for so long as the Preferred Percentage (as defined in the Series A Certificate) is equal to or greater than 10%; and (ii) to nominate and elect one member of the Board of Directors of Synchronoss for so long as the Preferred Percentage is equal to or greater than 5% but less than 10%.

For so long as the holders of shares of Series A Preferred Stock have the right to nominate at least one director, Synchronoss shall be required to obtain the prior approval of Silver prior to taking certain actions, including: (i) certain dividends, repayments and redemptions; (ii) any amendment to Synchronoss' certificate of incorporation that adversely effects the rights, preferences, privileges or voting powers of the Series A Preferred Stock; (iii) issuances of stock ranking senior or equivalent to shares of Series A Preferred Stock (including additional shares of Series A Preferred Stock) in the priority of payment of dividends or in the distribution of assets upon any liquidation, dissolution or winding up of Synchronoss; (iv) changes in the size of the Board of Directors of Synchronoss; (v) any amendment, alteration, modification or repeal of the charter of the Nominating and Corporate Governance Committee of the Board of Directors and related documents; and (vi) any change in the principal business of Synchronoss or the entry into any line of business outside of its existing lines of businesses. In addition, in the event that Synchronoss is in EBITDA Non-Compliance (as defined in the Series A Certificate) or the undertaking of certain actions would result in Synchronoss exceeding a specified pro forma leverage ratio, then the prior approval of Silver would be required to incur indebtedness (or alter any debt document) in excess of $10 million, enter or consummate any transaction where the fair market value exceeds $5 million individually or $10 million in the aggregate in a fiscal year or authorize or commit to capital expenditures in excess of $25 million in a fiscal year.

Each holder of Series A Preferred Stock has one vote per share on any matter on which holders of Series A Preferred Stock are entitled to vote separately as a class, whether at a meeting or by written consent. The holders of Series A Preferred Stock are permitted to take any action or consent to any action with respect to such rights without a meeting by delivering a consent in writing or electronic transmission of the holders of the Series A Preferred Stock entitled to cast not less than the minimum number of votes that would be necessary to authorize, take or consent to such action at a meeting of stockholders. In addition to any vote (or action taken by written consent) of the holders of the shares of Series A Preferred Stock as a separate class provided for in the Series A Certificate or by the General Corporation Law of the State of Delaware, the holders of shares of the Series A Preferred Stock are entitled to vote with the holders of shares of Common Stock (and any other class or series that may similarly be entitled to vote on an as-converted basis with the holders of Common Stock) on all matters submitted to a vote or to the consent of the stockholders of the Company (including the election of directors) as one class.

Under the Series A Certificate, if Silver and certain of its affiliates have elected to effect a conversion of some or all of their shares of Series A Preferred Stock and if the sum, without duplication, of (i) the aggregate number of shares of Common Stock issued to such holders upon such conversion and any shares of Common Stock previously issued to such holders upon conversion of Series A Preferred Stock and then held by such holders, plus (ii) the number of shares of Common Stock underlying shares of Series A Preferred Stock that would be held at such time by such holders (after giving effect to such conversion), would exceed the 19.9% of the issued and outstanding shares of Synchronoss' voting stock on an as converted basis (the "Conversion Cap"), then such holders would only be entitled to convert such number of shares as would result in the sum of clauses (i) and (ii) (after giving effect to such conversion) being equal to the Conversion Cap (after giving effect to any such limitation on conversion). Any shares of Series A Preferred Stock which a holder has elected to convert but which, by reason of the previous sentence, are not so converted, will be treated as if the holder had not made such election to convert and such shares of Series A Preferred Stock will remain outstanding. Also, under the Series A Certificate, if the sum, without duplication, of (i) the aggregate voting power of the shares previously issued to Silver and certain of its affiliates held by such holders at the record date, plus (ii) the aggregate voting power of the shares of Series A Preferred Stock held by such holders as of such record date, would exceed 19.99% of the total voting power of Synchronoss' outstanding voting stock at such record date, then, with respect to such shares, Silver and certain of its affiliates are only entitled to cast a number of votes equal to 19.99% of such total voting power. The limitation on conversion and voting ceases to apply upon receipt of the requisite approval of holders of Common Stock under the applicable listing standards.

Investor Rights Agreement

Concurrently with the closing of the Preferred Transaction, Synchronoss and Silver entered into the Investor Rights Agreement. Under the terms of the Investor Rights Agreement, Silver and Synchronoss have agreed that the Board of Directors of Synchronoss will consist of ten members. So long as the holders of Series A Preferred have the right to nominate a member to the Board of Directors pursuant to the Series A Certificate, the full Board of Directors of Synchronoss will be constituted as follows: (i) two Series A Preferred Directors (as defined in the Investor Rights Agreement); (ii) four directors who meet the independence criteria set forth in the applicable listing standards (each of whom will be initially agreed upon by Synchronoss and Silver); and (iii) four other directors, two of whom shall satisfy the independence criteria of the applicable listing standards and, as of the closing of the Preferred Transaction, one of whom shall be the individual then serving as chief executive officer of Synchronoss and one of whom shall be the current chairman of the Board of Directors of Synchronoss as of the date of execution of the Investors Rights Agreement. So long as the holders of Series A Preferred have the right to nominate at least one director to the Board of Directors of Synchronoss pursuant to the Series A Certificate, Silver will have the right to designate two members of the Nominating and Corporate Governance Committee of the Board of Directors.

Pursuant to the terms of the Investor Rights Agreement, neither Silver nor its affiliates may transfer any shares of Series A Preferred Stock subject to certain exceptions (including transfers to affiliates that agree to be bound by the terms of the Investor Rights Agreement).

For so long as Silver has the right to appoint a director to the Board of Directors of Synchronoss, without the prior approval by a majority of directors voting who are not appointed by the holders of shares of Series A Preferred Stock, neither Silver nor its affiliates will directly or indirectly purchase or acquire any debt or equity securities of Synchronoss (including equity-linked derivative securities) if such purchase or acquisition would result in Silver's Standstill Percentage (as defined in the Investors Rights Agreement) being in excess of 30%. However, the foregoing standstill restrictions would not prohibit the receipt of shares of Series A Preferred issued as Preferred Dividends pursuant to the Series A Certificate, shares of Common Stock received upon conversion of shares of Series A Preferred Stock or receipt of any shares of Series A Preferred Stock, Common Stock or other securities of the Company otherwise paid as dividends or as an increase of the Liquidation Preference (as defined in the Series A Certificate) or distributions thereon. Silver will also have preemptive rights with respect to issuances of securities of Synchronoss in order to maintain its ownership percentage.

Under the terms of the Investor Rights Agreement, Silver is entitled to (i) three demand registrations, with no more than two demand registrations in any single calendar year and provided that each demand registration must include at least 10% of the shares of Common Stock held by Silver, including shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock and (ii) unlimited piggyback registration rights with respect to primary issuances and all other issuances.

The issuance and sale of the Series A Preferred Stock to Silver pursuant to the PIPE Purchase Agreement was exempt from registration under the Securities Act, pursuant to Section 4(a)(2) of the Securities Act. In the PIPE Purchase Agreement, Silver represented to Synchronoss that it is an "accredited investor" as defined in Rule 501 of the Securities Act and that the shares of Series A Preferred Stock are being acquired for investment purposes and not with a view to, or for sale in connection with, any distribution thereof, and appropriate legends will be affixed to any certificates evidencing the shares of Series A Preferred Stock or any Common Stock issued upon conversion thereof.

Meeker Sharkey

During 2017, we engaged Meeker Sharkey as our insurance broker for our officers and directors, commercial liability and health benefits insurance. Thomas Sharkey, Jr., a principal of Meeker Sharkey, is the brother in law of James M. McCormick, a member of our Board. During 2017, we paid Meeker Sharkey $136,568. In addition to any value received by Mr. Sharkey, Jr. by virtue of his minority ownership interest in Meeker Sharkey, he received a commission from Meeker Sharkey in connection with our insurance policies. Our Audit Committee approved our engagement of Meeker Sharkey as our insurance broker as a related party transaction.

Other than as described above, there were no other transaction or series of similar transactions to which we were or are a party in which the amount involved exceeded or exceeds $120,000 and in which any of our directors, current executive officers, holders of more than 5% of any class of our voting securities, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than compensation arrangements, which are described where required under "Executive Compensation" and "Director Compensation" above.

Sequential Technology International, LLC.

Under various agreements between our Company and Sequential Technology International, LLC ("Sequential"), which agreements were signed at the same time as our Company divested its activation exception handling business to Sequential, in 2017, Sequential paid our Company approximately $27 million for various services, including but not limited to billing, IT, human resource, financial planning, facilities support and access rights to our Order Manager and platform services and support.

ITEM 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S FEES

The following table represents aggregate fees billed to the Company for fiscal years ended December 31, 2017 and December 31, 2016 by Ernst & Young LLP, the Company's principal accountant. All services described below for 2017 and 2016 were pre-approved by the Audit Committee.

	Fiscal Year Ended	
	2017	2016
	(In thousands)	
Audit Fees[(1)]	$ 23,220	$ 3,025
Audit Related Fees[(2)]	3	235
Total Fees	$ 23,223	$ 3,260

(1) For professional services rendered for the audits of annual financial statements, including the audit of annual financial statements and audit of internal control over financial reporting for the years ended December 31, 2017 and 2016. The audit fees also include the review of quarterly financial statements included in the Company's quarterly reports on Form 10-Q, statutory audits of foreign subsidiaries and other regulatory filings or similar engagements.

(2) Includes fees that are for assurance and related services other than those included in Audit Fees and primarily relate to due diligence services relating to an acquisition.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee's policy, subject to certain permitted exceptions for certain de minimis services, is to pre-approve all audit and permissible non-audit services rendered by Ernst & Young LLP, our independent registered public accounting firm. The Audit Committee can pre-approve specified services in defined categories of audit services, audit-related services and tax services up to specified amounts, as part of the Audit Committee's approval of the scope of the engagement of Ernst & Young LLP or on an individual case-by-case basis before Ernst & Young LLP is engaged to provide a service. The Audit Committee has determined that the rendering of the services other than audit services by Ernst & Young LLP is compatible with maintaining the principal accountant's independence. The independent registered public accounting firm and management are required to meet with the audit committee to review and discuss our annual and quarterly financial statements and related disclosures, as well as our critical accounting policies and practices. Additionally, the audit committee is responsible for reviewing the audit plan with the independent registered public accounting firm and members of management responsible for preparing our consolidated financial statements. All of the services of Ernst & Young LLP for 2017 and 2016 described above were pre-approved by the audit committee.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a)(1) Financial Statements:

(a)(2) Schedule for the years ended December 31, 2017, 2016, 2015:

*II—Valuation and Qualifying Accounts

All other Schedules have been omitted because they are not applicable, or the required information is shown in the Consolidated Financial Statements or of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K thereto.

(a)(3) Exhibits:

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of the Registrant, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
3.2	Amended and Restated Bylaws of the Registrant, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
3.3	Amendment No. 1 to Amended and Restated Bylaws of Registration, incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on February 20, 2018.
3.4	Certificate of Designations of Series A Convertible Participating Perpetual Preferred Stock, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on February 20, 2018.
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4
4.2	Amended and Restated Investors Rights Agreement, dated December 22, 2000, by and among the Registrant, certain stockholders and the investors listed on the signature pages thereto, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
4.3	Amendment No. 1 to Synchronoss Technologies, Inc. Amended and Restated Investors Rights Agreement, dated April 27, 2001, by and among the Registrant, certain stockholders and the investors listed on the signature pages thereto, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
4.4	Registration Rights Agreement, dated November 13, 2000, by and among the Registrant and the investors listed on the signature pages thereto, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
4.5	Amendment No. 1 to Synchronoss Technologies, Inc. Registration Rights Agreement, dated May 21, 2001, by and among the Registrant, certain stockholders listed on the signature pages thereto and Silicon Valley Bank, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
4.6	Form of Common Stock Certificate, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080)
4.7	Form of Indenture for Convertible Senior Notes, incorporated by reference to Registrant's Registration Statement on Form S-3 (Commission File No. 333-197871)
4.8	Investor Rights Agreement by and between Synchronoss Technologies, Inc. and Silver Private Holdings I, LLC dated as of February 15, 2018, incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on February 20, 2018.
10.1	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
10.2	Synchronoss Technologies, Inc. 2000 Stock Plan and forms of agreements thereunder, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
10.3	Amendment No. 1 to Synchronoss Technologies, Inc. 2000 Stock Plan, incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).
10.4	2006 Equity Incentive Plan, as amended and restated, incorporated by reference to Registrant's Schedule 14A dated April 8, 2010.
10.4.1	2010 New Hire Equity Incentive Plan, incorporated by reference to Registrant's Registration Statement on Form S-8 (Commission File No. 333-168745).
10.4.2	2015 Equity Incentive Plan, incorporated by reference to Registrant's Registration Statement on Form S-8 (Commission File No. 333-204311).
10.5	Employee Stock Purchase Plan, incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 2011.

Exhibit No.	Description
10.6	Lease Agreement between the Registrant and Wells Reit—Bridgewater NJ, LLC for the premises located at 200 Crossing Boulevard, Bridgewater, New Jersey, dated as of October 27, 2011, incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 2011.
10.7‡	Cingular Master Services Agreement, effective September 1, 2005 by and between the Registrant and Cingular Wireless LLC, incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008.
10.8‡	Subordinate Material and Services Agreement No. SG021306.S.025 by and between the Registrant and AT&T Services, Inc. dated as of August 1, 2013, incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, including order numbers SG021306.S.025.S.001, SG021306.S.025.S.002, SG021306.S.025.S.003 and SG021306.S.025.S.004, incorporated by reference to Registrant's Quarterly Report on Form 10-Q/A for the quarter ended September 30, 2013.
10.9‡	Amendment 1 effective as of January 1, 2016 to Subordinate Material and Services Agreement No. SG021306.S.025 by and between the Registrant and AT&T Services, Inc., incorporated by reference to Exhibit 10.9.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016.
10.10‡	Order No.SG021306.S.025.S.007 effective as of January 1, 2016 by and between the Registrant and AT&T Services, Inc., incorporated by reference to Exhibit 10.9.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016.
10.11‡	Amendment No. 1 effective as of January 1, 2016 to Order No. SG021306.S.025.S.001 dated as of August 1, 2013 by and between the Registrant and AT&T Services, Inc. together with Amended and Restated Order No. SG021306.S.025.S.001, incorporated by reference to Exhibit 10.9.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016..
10.12‡	Amendment No. 2 effective as of January 1, 2016 to Order No. SG021306.S.025.S.002 dated as of August 1, 2013 by and between the Registrant and AT&T Services, Inc., together with Amended and Restated Order No. SG021306.S.025.S.002, incorporated by reference to Exhibit 10.9.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016..
10.13‡	Amendment No. 3 effective as of January 1, 2016 to Order No. SG021306.S.025.S.003 dated as of August 1, 2013 by and between the Registrant and AT&T Services, Inc. incorporated by reference to Exhibit 10.9.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016.
10.14‡	Amendment No. 4 effective as of January 1, 2016 to Order No. SG021306.S.025.S.003 dated as of August 1, 2013 by and between the Registrant and AT&T Services, Inc., together with Amended and Restated Order No. SG021306.S.025.S.003, incorporated by reference to Exhibit 10.9.6 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016..
10.15‡	Amendment No. 5 effective as of January 1, 2016 to Order No. SG021306.S.025.S.004 dated as of August 1, 2013 by and between the Registrant and AT&T Services, Inc. together with Amended and Restated Order No. SG021306.S.025.S.004, incorporated by reference to Exhibit 10.9.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016..
10.16†	Employment Agreement dated as of January 1, 2017 between the Registrant and Stephen G. Waldis.
10.17†	Tier One Executive Employment Plan effective March 24, 2017.
10.18†	Employment Agreement dated as of April 27, 2017 between the Registrant and Lawrence R. Irving.
10.19†	Employment Agreement dated as of May 1, 2017 between the Registrant and Robert Garcia.
10.20†	Executive Employment Letter dated as of May 5, 2017 between the Registrant and Daniel Rizer.
10.21†	Executive Employment Letter dated as of May 5, 2017 between the Registrant and Christopher Putnam.
10.22†	Employment Agreement dated as of November 13, 2017 between the Registrant and Glenn Lurie, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 17, 2017.
10.23	2017 New Hire Equity Incentive Plan, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 21, 2017.
10.24*	Application Service Provider Agreement retroactively effective as of April 1, 2013 by and between the Registrant and Verizon Sourcing LLC.
10.25*	Change Request No 8 effective January 1, 2018 to SOW No.1 Application Service Provider Agreement to effective as of April 1, 2013 by and between the Registrant and Verizon Sourcing LLC.
21.1	List of subsidiaries.
23.1	Consent of Ernst & Young, LLP, Independent Registered Public Accounting Firm.
24	Power of Attorney (see signature page to this Annual Report on Form 10-K)
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and section 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and section 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Labels Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

† Compensation Arrangement.

* Confidential treatment has been requested for portions of this document. The omitted portions of this document have been filed with the Securities and Exchange Commission.

‡ Confidential treatment has been granted with respect to certain provisions of this exhibit.

(b) Exhibits.

See (a)(3) above.

(c) Financial Statement Schedule.

ITEM 16. *FORM 10-K SUMMARY*

None.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

December 31, 2017, 2016, and 2015:

	Beginning Balance	Additions	Reductions	Ending Balance
	(In thousands)			
Allowance for doubtful receivables				
2017	$ 1,459	$ 7,590	$ (5,942)	$ 3,107
2016 (As Restated)	$ 1,189	$ 10,201	$ (9,931)	$ 1,459
2015 (As Restated)	$ 88	$ 2,032	$ (931)	$ 1,189

	Beginning Balance	Additions	Reductions	Ending Balance
	(In thousands)			
Allowance for loan loss				
2017	$ —	$ 14,562	$ —	$ 14,562

	Beginning Balance	Additions	Reductions	Ending Balance
	(In thousands)			
Valuation allowance for deferred tax assets				
2017	$ 14,180	$ 23,370	$ (5,027)	$ 32,523
2016 (As Restated)	$ 10,804	$ 3,783	$ (407)	$ 14,180
2015 (As Restated)	$ 4,764	$ 7,248	$ (1,208)	$ 10,804

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNCHRONOSS TECHNOLOGIES, INC.
(Registrant)

By /s/ Glenn Lurie
Glenn Lurie, Chief Executive Officer

June 29, 2018

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ronald J. Prague or Larry Irving, or either of them, each with the power of substitution, their attorney-in-fact, to sign any amendments to this Form 10-K (including post-effective amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

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		
/s/ Glenn Lurie Glenn Lurie	Chief Executive Officer (Principal Executive Officer)	June 29, 2018
/s/ Lawrence R. Irving Lawrence R. Irving	Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer)	June 29, 2018
/s/ Robert Aqualina Robert Aqualina	Director	June 29, 2018
/s/ Frank Baker Frank Baker	Director	June 29, 2018
/s/ Peter Berger Peter Berger	Director	June 29, 2018
/s/ William J. Cadogan William J. Cadogan	Director	June 29, 2018
/s/ Thomas J. Hopkins Thomas J. Hopkins	Director	June 29, 2018

/s/ James M. McCormick James M. McCormick	Director	June 29, 2018
/s/ Donnie M. Moore Donnie M. Moore	Director	June 29, 2018
/s/ Stephen Waldis Stephen Waldis	Director Executive Chairman	June 29, 2018

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of April 27, 2017 ("Commencement Date"), by and between Stephen G. Waldis (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of January 1, 2015 between the Company and the Executive shall be terminated as of April 26, 2017.

Except as otherwise provided herein, defined terms are set forth in Section 10 below.

1. **Duties and Scope of Employment.**

(a) **Position.** For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ Executive in the position of Chairman of the Board and Chief Executive Officer. Executive shall report to the Company's Board of Directors. Executive's principal workplace shall be in Bridgewater, New Jersey.

(b) **Obligations to the Company.** During his Employment, Executive (i) shall devote substantially all of his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company, (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time and (v) shall comply with the Proprietary Information and Inventions Agreement. This provision shall not restrict Executive's ability to sit on non-profit boards and, subject to Board approval, at least one corporate board.

(c) **No Conflicting Obligations.** Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Indemnification/D&O Insurance.** To the maximum extent permitted by applicable law and the Company's by-laws, the Company shall indemnify Executive for all acts and omissions by him and any action on his part while acting in such capacity, and for losses that arise from serving at the request of the Company or a subsidiary thereof as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. Executive shall be covered by directors' and officers' liability insurance on a basis no less favorable than provided to directors and officers of the Company, including "tail" coverage.

(e) **Commencement Date.** Executive has previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as the Commencement Date through the Term (as defined in Section 5(a) below).

2. **Compensation**

(a) **Salary**. The Company shall pay Executive as compensation for his services a base salary at a gross annual rate of not less than $625,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.")

(b) **Incentive Bonuses**. Executive shall be eligible for an annual incentive bonus with a target amount equal to 110% of his Base Salary (the "Target Bonus"). Executive's bonus (if any) shall be awarded based on criteria established by the Company's Board of Directors (the "Board") or its Compensation Committee. Executive shall not be entitled to an incentive bonus for a fiscal year if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable or is provided notice of termination under Section 5(b) prior to such time. Any bonus for a fiscal year shall be paid within 2½ months after the close of that fiscal year. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding.

3. **Paid Time Off and Employee Benefits.** During his Employment, Executive shall be eligible for paid time off in accordance with the Company's paid time off policy, as it may be amended from time to time, with a minimum of 20 paid time off days per year (accruing for each year on the first day of such year), plus three floating holidays, and any United States Company-wide holidays; provided, however, Executive shall not be entitled to carry over any paid time off days from year to year. During his Employment, Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the terms and conditions of the plan in question.

4. **Business Expenses.** During his Employment, Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. Notwithstanding anything to the contrary herein, except to the extent any expense or reimbursement provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, (a) the amount of expenses eligible for reimbursement provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (b) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (c) the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) the date of Executive's resignation from the Company and (ii) the date Executive's Employment is terminated in accordance with Section 5(b) (the "Term").

(b) **Termination of Employment.** The Company may terminate Executive's Employment at any time and for any reason (or no reason), and with or without Cause, by giving Executive 30 days' advance notice in writing. Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Company shall have the right at any time during such 30-day period, to relieve Executive of his offices, duties and responsibilities and place him on a paid leave-of-absence status, provided that during such notice period, Executive shall remain a full-time employee of the Company and shall continue to receive his then current salary compensation and other benefits as provided in this Agreement. Executive's Employment shall terminate automatically in the event of his death. The termination of Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's termination of Employment for any reason, Executive shall be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, 3, and 4 for the period preceding the effective date of such termination or otherwise accrued before such termination. Upon the termination of Executive's Employment under certain circumstances, Executive may be entitled to additional severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death**. If Executive's Employment ends due to death, (A) Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year and (B) all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by Executive at the time of his death shall be fully vested. All amounts under this Section 5(d) shall be paid no later than the date all regular employees are paid their bonuses.

(e) **Rights Upon Permanent Disability**. If Executive's Employment ends due to Permanent Disability and a Separation occurs, (I) Executive shall be entitled to receive (i) an amount equal to his Target Bonus for the fiscal year in which his Employment ended (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year, and (ii) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (II) all stock options, shares of restricted stock (other than performance-related restricted stock) and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of Executive's Separation. The amounts payable under this Section 5(e) shall be paid no later 60 days after Executive's Separation.

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless Executive:

(i) Has executed (or, with respect to Section 5(d), the executor or his estate has executed) a general release of all claims Executive (or his executor or estate) may have against the Company or persons affiliated with the Company (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Complies with Executive's obligations under Section 7 of this Agreement;

(iii) Has returned all property of the Company in Executive's possession; and

(iv) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

Executive must execute and return the Release within the period of time set forth in the Release (the "Release Deadline"). The Release Deadline will in no event be later than 50 days after Executive's Separation. If Executive fails to return the Release on or before the Release Deadline or if Executive revokes the Release, then Executive will not be entitled to the benefits described in this Section 6.

(b) **Severance Pay in the Absence of a Change in Control**. If, during the term of this Agreement and not at a time described in subsection (c) below, Executive resigns his Employment for Good Reason and a Separation occurs or the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, then the Company shall pay Executive a lump sum severance payment equal to (i) two times (A) his Base Salary in effect at the time of the termination of Employment plus, (B) his average annual bonus based on the actual amounts received in the immediately preceding two years and (ii) the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation. In the event that Executive Employment is terminated for a reason other than death, Cause or Permanent Disability or Executive resigns his Employment for Good Reason under this Subsection (b) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of termination if such termination under this Subsection (b) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (b) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control**. If, during the term of this Agreement and within (i) 120 days prior to or (ii) 24 months following a Change in Control, Executive is subject to an Involuntary Termination, then (i) the Company shall pay Executive a lump sum severance payment equal to (x) 2.99 times his Base Salary in effect at the time of the termination of Employment plus two times Executive's average bonus received in the immediately preceding two years and (y) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (ii) all stock options, shares of restricted stock (other than performance-related restricted stock that is tied to performance after the Change in Control), and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of the Involuntary Termination. In the event that Executive is subject to an Involuntary Termination under this Subsection (c) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of the Involuntary Termination if such termination under this Subsection (c) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (c) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Commencement of Severance Payments**. Payment of the severance pay provided for under this Agreement will be made no later than the first regularly scheduled payroll date that occurs no later than 50 days after Executive's Separation, but only if Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). However, except as provided in the next following sentence, if the 50-day period described in Section 5(a) spans two calendar years, then the payment will be made on the first payroll date in the second calendar year following expiration of the applicable revocation period. In the event that Executive experiences an Involuntary Termination immediately at or after a Change in Control, the Company shall work with the surviving company to ensure that any payments due to Executive under subsection (c) above be paid upon the closing of the Change in Control. In addition, if at any time the parties agree that a Good Reason arises after the Change in Control and severance is due to Executive under subsection (c), the Company shall work with the surviving company to insure that any such payments due to Executive are paid promptly after such Good Reason arises.

(e) **Section 409A**. This Agreement shall be construed consistently with the intent that all payments hereunder shall be exempt from the requirements of Section 409A of the Code by reason of the "short-term" deferral exemption or a different exemption. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. If the Company determines that Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of his Separation, then (i) payment of any "nonqualified deferred compensation" (within the meaning of Section 409A) that is payable to Executive upon Separation shall be delayed until the first business day following (A) expiration of the six-month period measured from Executive's Separation, or (B) the date of Executive's death, and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence.

7. **Protective Covenants.**

(a) **Non–Competition.** As one of the Company's executive and management personnel and officer, Executive has acquired extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his employment he will have access to and knowledge of Proprietary Information. To protect the Company's Proprietary Information, and in consideration of this Agreement, Executive agrees that during his employment with the Company and for a period of twelve (12) months after the termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise (the "Restricted Period"), he will not without the Company's approval (which shall not be unreasonably withheld), directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a Restricted Business in a Restricted Territory. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation or (ii) any stock he presently owns shall not constitute a violation of this Section.

(b) **Non-Solicitation and Non-Servicing**. During his employment with the Company and continuing for a period of eighteen (18) months after termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise, Executive shall not directly or indirectly, personally or through others,

(i) attempt in any manner to solicit, persuade or induce any Client of the Company to terminate, reduce or refrain from renewing or extending its contractual or other relationship with the Company in regard to the purchase or licensing of products or services manufactured, marketed, licensed or sold by the Company, or to become a Client of or enter into any contractual or other relationship with Executive or any other individual, person or entity in regard to the purchase or license of products or services similar or identical to those manufactured, marketed or sold by the Company; or

(ii) attempt in any manner to solicit, persuade or induce any individual, person or entity which is, or at any time during Executive's employment with the Company was, a supplier of any product or service to the Company or vendor of the Company (whether as a distributor, agent, employee or otherwise) to terminate, reduce or refrain from renewing or extending his, her or its contractual or other relationship with the Company; provided, however, this subparagraph (ii) shall not apply with respect to (I) during the first six (6) months after Executive's Separation, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment, plus Executive's administrative assistant, and (II) during the next six (6) month period thereafter, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment; or

(iii) render to or for any Client any services of the type rendered by the Company; or

(iv) subject to the exceptions in subparagraph (ii) above, employ as an employee or retain as a consultant any person who is then, or at any time during the preceding twelve months was, an employee of or consultant to the Company (unless the Company had terminated the employment or engagement of such employee or exclusive consultant prior to the time of the alleged prohibited conduct), or persuade, induce or attempt to persuade any employee of or consultant to the Company to leave the employ of the Company or to breach any service arrangement with the Company.

(c) **Non-Disclosure**. Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by reference.

(d) **Reasonable**. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of

Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

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

9. **Taxes.**

(a) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect applicable withholding and payroll taxes or other deductions required to be withheld by law.

(b) **Tax Advice**. Executive is encouraged to obtain his own tax advice regarding his compensation from the Company. Executive agrees that the Company does not have a duty to design its compensation policies in a manner that minimizes Executive's tax liabilities, and Executive shall not make any claim against the Company or the Board related to tax liabilities arising from Executive's compensation.

(c) Parachute Taxes. Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise ("Total Payments") to be made to Executive would otherwise exceed the amount (the "Safe Harbor Amount") that could be received by Executive without the imposition of an excise tax under Section 4999 of Code, then the Total Payments shall be reduced to the Safe Harbor Amount if (and only if) the Safe Harbor Amount (net of applicable taxes) is greater than the net amount payable to Executive after taking into account any excise tax imposed under section 4999 of the Code on the Total Payments. All determinations to be made under this subparagraph (c) shall be made by a public accounting firm selected by the Company before the date of the Change in Control (the "Accounting Firm"). In determining whether such Benefit Limit is exceeded, the Accounting Firm shall make a reasonable determination of the value to be assigned to the restrictive covenants in effect for Executive pursuant to Section 7 of this Agreement, and the amount of his potential parachute payment under Section 280G of the Code shall be reduced by the value of those restrictive covenants and all other permissible adjustments to the extent consistent with Section 280G of the Code and the regulations thereunder. To the extent a reduction to the Total Payments is required to be made in accordance with this subparagraph (c), such reduction and/or cancellation of acceleration of equity awards shall occur in the order that provides the maximum economic benefit to Executive. In the event that acceleration of equity awards is to be reduced, such acceleration of vesting also shall be canceled in the order that provides the maximum economic benefit to Executive. Notwithstanding the foregoing, any reduction shall be made in a manner consistent with the requirements of section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this subparagraph (c) shall be borne solely by the Company.

10. **Definitions.**

(a) **Cause**. For all purposes under this Agreement, "Cause" shall mean:

(i) An intentional and unauthorized use or disclosure by Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by Executive of any material agreement between Executive and the Company;

(iii) A material failure by Executive to comply with the Company's written policies or rules;

(iv) Executive's conviction of, indictment for, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(v) Executive's gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board (other than by reason of Executive's physical or mental illness, incapacity or disability); or

(vii) A failure by Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested in writing Executive's cooperation, and Executive has not cooperated in good faith within 5 business days.

With respect to subparagraphs (ii), (iii) or (vi), the Company shall not have the right to terminate Executive for Cause if Executive cures the breach or failure within 30 days of the Company's written notice to Executive of such breach or failure.

(b) **Change in Control**. For all purposes under this Agreement, "Change in Control" shall mean the occurrence of:

(i) The acquisition, by a person or persons acting as a group, of the Company's stock that, together with other stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the Company;

(ii) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of 30% or more of the total voting power of the Company;

(iii) The replacement of a majority of the members of the Board, during any 12-month period, by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or

(iv) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of the Company's assets having a total gross fair market value (determined without regard to any liabilities associated with such assets) of 80% or more of the total gross fair market value of all of the assets of the Company (determined without regard to any liabilities associated with such assets) immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur unless such transaction also qualifies as an event under Treas. Reg. §1.409A-3(i)(5)(v) (change in the ownership of a corporation), Treas. Reg. §1.409A-3(i)(5)(vi) (change in the effective control of a corporation), or Treas. Reg. §1.409A-3(i)(5)(vii) (change in the ownership of a substantial portion of a corporation's assets).

(c) **Client.** For all purposes under this Agreement, "Client" shall mean (i) anyone who is a client of the Company as of, or at any time during the one-year period immediately preceding, the termination of Executive's employment, but only if Executive had a direct relationship with, supervisory responsibility for or otherwise were involved with such client during Executive's employment with the Company and (ii) any prospective client to whom the Company made a new business presentation (or similar offering of services) at any time during the one-year period immediately preceding, or six-month period immediately following, Executive's employment termination (but only if initial discussions between the Company and such prospective client relating to the rendering of services occurred prior to the termination date, and only if Executive participated in or supervised such presentation and/or its preparation or the discussions leading up to it).

(d) **Code**. For all purposes under this Agreement, "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) **Company**. For all purposes under this Agreement, "Company" shall include Synchronoss Technologies, Inc. and all of its subsidiaries and affiliates.

(f) **Good Reason**. For all purposes under this Agreement, "Good Reason" shall mean:

(i) material diminution in Executive's authorities, duties or responsibilities;

(ii) a reduction in Executive's base salary by more than 5% unless pursuant to a Company-wide salary reduction affecting all of the Company's Section 16 officers proportionately;

(iii) relocation of Executive's principal workplace that results in an increase to Executive's commute by more than 50 miles;

(iv) a material reduction in the kind or level of incentive compensation or employee benefits to which Executive is entitled immediately prior to such reduction with the result that Executive's overall compensation and benefits package is significantly reduced, unless such reduction occurs solely as a result of a reduction in the kind or level of employee benefits of employees that applies for all employees of the Company or

(v) a material breach by the Company of this Agreement.

A condition shall not be considered "Good Reason" unless Executive gives the Company written notice of such condition within 90 days after Executive has knowledge of such condition and the Company fails to remedy such condition (or in the case of (v), remedy such breach) within 30 days after receiving Executive's written notice. In addition, Executive's resignation must occur no later than 12 months after Executive has knowledge of such condition.

(g) **Involuntary Termination**. For all purposes under this Agreement, "Involuntary Termination" shall mean either (i) the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, or (ii) Executive resigns his Employment for Good Reason and a Separation occurs.

(h) **Permanent Disability**. For all purposes under this Agreement, "Permanent Disability" shall mean, in the reasonable determination by the Compensation Committee, Executive's inability to perform the essential functions of Executive's position, with or without reasonable accommodation, for a period of at least 180 consecutive days because of a physical or mental impairment.

(i) **Proprietary Information**. For all purposes under this Agreement, "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (i) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (iii) information regarding the skills and compensation of other employees of the Company.

(j) **Restricted Business**. For all purposes under this Agreement, "Restricted Business" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company (and expected to reach market before the end of the Restricted Period) at the time Executive's employment with the Company ends, whether during or after the Term.

(k) **Restricted Territory**. For all purposes under this Agreement, "Restricted Territory" shall mean any state, county, or locality in the United States or around the world in which the Company conducts business.

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

(m) **Solicit.** For all purposes under this Agreement, "solicit" shall mean (i) active solicitation of any Client or Company employee (but not general marketing of a product, service or open position not targeted at such employee); (ii) the provision of information regarding any Client or

Company employee to any third party where such information could be useful to such third party in attempting to obtain business from such Client or attempting to hire any such Company employee; (iii) participation in any meetings, discussions, or other communications with any third party regarding any Client or Company employee where the purpose or effect of such meeting, discussion or communication is to obtain business from such Client or employ such Company employee; and (iv) any other passive use of information about any Client or Company employee which has the purpose or effect of assisting a third party or causing harm to the business of the Company.

11. **Miscellaneous Provisions.**

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

(b) **Modifications and Waivers.** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement.** This Agreement and the Proprietary Information and Inventions Agreement supersede and replace any prior agreements, representations or understandings (whether oral or written and whether express or implied) between Executive and the Company and constitute the complete agreement between Executive and the Company regarding the subject matter set forth herein; provided that nothing in this Agreement shall supersede an express promise made by the Company in Executive's offer letter.

(d) **Choice of Law and Severability.** This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(e) **No Assignment.** This Agreement and all rights and obligations of Executive hereunder are personal to Executive and may not be transferred or assigned by Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(f) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) **Survival.** The rights and obligations of the parties under the provisions of this Agreement (including without limitation Section 7) shall survive, and remaining binding and enforceable, notwithstanding the termination of this Agreement, the termination of Executive's Employment hereunder or otherwise, to the extent necessary to preserve the intended benefits of such provision.

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

Stephen Waldis

SYNCHRONOSS TECHNOLOGIES, INC.

By Lawrence R. Irving
Lawrence R. Irving
Chief Financial Officer

TIER ONE EXECUTIVE EMPLOYMENT PLAN

In addition to the terms of your offer letter or executive employment letter ("Offer Letter") with Synchronoss Technologies, Inc., a Delaware corporation (the "Company"), the employment of each Tier One Executive ("Executive") shall be governed by the terms and conditions set forth in this Tier One Executive Employment Plan (the "Plan").

1. Scope of Employment.

(a) Position and Compensation. Executive shall be employed by the Company in the position and at the location provided in the Offer Letter and at the base salary and annual target bonus percentage set forth in the Offer Letter. Executive shall not be entitled to an incentive bonus if Executive is not employed by the Company on the last day of the fiscal year for which such bonus is payable. Any bonus for a fiscal year shall be paid within 2½ months after the close of that fiscal year. The determinations of the Company's Board of Directors or its Compensation Committee with respect to such bonus shall be final and binding. The Offer Letter shall also include any initial equity awards to be granted to the Executive, which shall be governed by the respective equity award agreement of the Company.

(b) Obligations to the Company. During Employment, Executive (i) shall devote substantially all of Executive's full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company, (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time and (v) shall comply with the Proprietary Information and Inventions Agreement. This provision shall not restrict Executive's ability to sit on one non-profit board and, subject to review and written approval by the CEO, Executive may request to sit on one corporate board.

(c) No Conflicting Obligations. Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with Executive's obligations hereunder. Executive represents and warrants that he will not use or disclose, in connection with Executive's Employment, any trade secrets or other proprietary information or intellectual property in which Executive or any other person has any right, title or interest and that Executive's Employment will not infringe or violate the rights of any other person. Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) Indemnification/D&O Insurance. To the maximum extent permitted by applicable law and the Company's by-laws, the Company shall indemnify Executive for all acts and omissions by him and any action on his part while acting in such capacity, and for losses that arise from serving at the request of the Company or a subsidiary thereof as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. Executive shall be covered by directors' and officers' liability insurance on a basis no less favorable than provided to directors and officers of the Company, including "tail" coverage.

2. Paid Time Off and Employee Benefits. During Executive's Employment, Executive shall be eligible for paid time off in accordance with the Company's paid time off policy, as it may be amended from time to time, with a minimum of 20 paid time off days per year (accruing for each year on the first day of such year), and any United States Company-wide holidays; provided, however, Executive shall not be entitled to carry over any paid time off days from year to year. During Executive's Employment, Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the terms and conditions of the plan in question.

3. Business Expenses. During Executive's Employment, Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with Executive's duties hereunder. The Company shall reimburse Executive for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies. Notwithstanding anything to the contrary herein, except to the extent any expense or reimbursement provided hereunder does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, (a) the amount of expenses eligible for reimbursement provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (b) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (c) the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit.

4. Termination.

(a) Termination of Employment. The Company may terminate Executive's Employment at any time and for any reason (or no reason), and with or without Cause, by giving Executive 30 days' advance notice in writing. Executive may terminate Executive's Employment by giving the Company 30 days' advance notice in writing. The Company shall have the right at any time during such 30-day period, to relieve Executive of Executive's offices, duties and responsibilities and place him on a paid leave-of-absence status, provided that during such notice period, Executive shall remain a full-time employee of the Company and shall continue to receive Executive's then current salary compensation and other benefits as provided herein. Executive's Employment shall terminate automatically in the event of Executive's death. The termination of Executive's Employment shall not limit or otherwise affect Executive's obligations under Section 6.

(b) Rights Upon Termination. Upon Executive's termination of Employment for any reason, Executive shall be entitled to the compensation, benefits and reimbursements described in Executive's Offer Letter or hereunder for the period preceding the effective date of such termination or otherwise accrued before such termination. Upon the termination of Executive's Employment under certain circumstances, Executive may be entitled to additional severance pay benefits as described in Section 6. The payments hereunder shall fully discharge all responsibilities of the Company to Executive.

(c) Rights Upon Death. If Executive's Employment ends due to death, (A) Executive's estate shall be entitled to receive an amount equal to Executive's target bonus for the fiscal year in which Executive's death occurred (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year, and (B) all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by Executive at the time of his death shall be fully vested. All amounts under this Section 4(c) shall be paid no later than the date regular employees are paid their bonuses.

(d) Rights Upon Permanent Disability. If Executive's Employment ends due to Permanent Disability and a Separation occurs, (I) Executive shall be entitled to receive (i) an amount equal to Executive's Target Bonus for the fiscal year in which Executive's Employment ended (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year, and (ii) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and Executive's eligible dependents with respect to the Company's health insurance plans in which Executive and Executive's eligible dependents were participants as of the date of Separation, and (II) all stock options, shares of restricted stock (other than performance-related restricted stock) and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of Executive's Separation. The amounts payable under this Section 5(e) shall be paid no later 60 days after Executive's Separation.

5. Termination Benefits.

(a) Preconditions. Any other provision of this Plan notwithstanding, Subsections (b) and (c) below shall not apply unless Executive:

(i) Has executed (or, with respect to Section 4(d), the executor or Executive's estate has executed) a general release of all claims Executive (or Executive's executor or estate) may have against the Company or persons affiliated with the Company (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Complies with Executive's obligations under Section 6 below;

(iii) Has returned all property of the Company in Executive's possession; and

(iv) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

Executive must execute and return the Release within the period of time set forth in the Release (the "Release Deadline"). The Release Deadline will in no event be later than 50 days after Executive's Separation. If Executive fails to return the Release on or before the Release Deadline or if Executive revokes the Release, then Executive will not be entitled to the benefits described in this Section 5.

(b) Severance Pay in the Absence of a Change in Control. If, during Executive's employment with the Company and not at a time described in subsection (c) below, Executive resigns Executive's Employment for Good Reason and a Separation occurs, or the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, then the Company shall pay Executive a lump sum severance payment equal to (i) one and one-half times Executive's Base Salary in effect at the time of the termination of Employment and one and one-half times Executive's average annual bonus based on the actual amounts received in the immediately preceding two years, and (ii) the product of (A) 12 and (B) the monthly amount the Company was paying on behalf of Executive and Executive's eligible dependents with respect to the Company's health insurance plans in which Executive and Executive's eligible dependents were participants as of the date of Separation. In the event that Executive Employment is terminated for a reason other than death, Cause or Permanent Disability or Executive resigns Executive's Employment for Good Reason under this Subsection (b) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use Executive's Target Bonus in the year of termination if such termination under this Subsection (b) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (b) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) Severance Pay in Connection with a Change in Control. If, during Executive's employment with the Company and within (i) 120 days prior to or (ii) 24 months following a Change in Control, Executive is subject to an Involuntary Termination, then (i) the Company shall pay Executive a lump sum severance payment equal to (x) two times Executive's Base Salary in effect at the time of the termination of Employment plus two times Executive's average bonus received in the immediately preceding two years, and (y) a lump sum amount equal to the product of (A) 18 and (B) the monthly amount the Company was paying on behalf of Executive and Executive's eligible dependents with respect to the Company's health insurance plans in which Executive and Executive's eligible dependents were participants as of the date of Separation and (ii) all stock options, shares of restricted stock (other than performance-related restricted stock that is tied to performance after the Change in Control), and other time-based equity awards) granted by the Company and held by Executive shall be fully vested as of the date of the Involuntary Termination. In the event that Executive is subject to an Involuntary Termination under this Subsection (c) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use Executive's Target Bonus in the year of the Involuntary Termination if such termination under this Subsection (c) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (c) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) Commencement of Severance Payments. Payment of the severance pay provided for hereunder will be made no later than the first regularly scheduled payroll date that occurs no later than 50 days after Executive's Separation, but only if Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). However, except as provided in the next following sentence, if the 50-day period described in Section 5(a) spans two calendar years, then the payment will be made on the first payroll date in the second calendar year following expiration of the applicable revocation period. In the event that Executive experiences an Involuntary Termination immediately at or after a Change in Control, the Company shall work with the surviving company to ensure that any payments due to Executive under subsection (c) above be paid upon the closing of the Change in Control. In addition, if at any time the parties agree that a Good Reason arises after the Change in Control and severance is due to Executive under subsection (c), the Company shall work with the surviving company to insure that any such payments due to Executive are paid promptly after such Good Reason arises.

(e) Section 409A. This Plan shall be construed consistently with the intent that all payments hereunder shall be exempt from the requirements of Section 409A of the Code by reason of the "short-term" deferral exemption or a different exemption. Each payment made under this Plan shall be treated as a separate payment and the right to a series of installment payments under this Plan is to be treated as a right to a series of separate payments. If the Company determines that Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of Executive's Separation, then (i) payment of any "nonqualified deferred compensation" (within the meaning of Section 409A) that is payable to Executive upon Separation shall be delayed until the first business day following (A) expiration of the six-month period measured from Executive's Separation, or (B) the date of Executive's death, and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence.

6. Protective Covenants.

(a) Non–Competition. As one of the Company's executive and management personnel and officer, Executive has acquired extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during Executive's employment he will have access to and knowledge of Proprietary Information. To protect the Company's Proprietary Information, and in consideration of the terms of this Plan, Executive agrees that during Executive's employment with the Company and for a period of twelve (12) months after the termination of Executive's employment with the Company for any reason, whether hereunder or otherwise (the "Restricted Period"), Executive will not without the Company's approval (which shall not be unreasonably withheld), directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a Restricted Business in a Restricted Territory. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation or (ii) any stock he presently owns shall not constitute a violation of this Section.

(b) Non-Solicitation and Non-Servicing. During Executive's employment with the Company and continuing for a period of twelve (12) months after termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise, Executive shall not directly or indirectly, personally or through others,

(i) attempt in any manner to solicit, persuade or induce any Client of the Company to terminate, reduce or refrain from renewing or extending its contractual or other relationship with the Company in regard to the purchase or licensing of products or services manufactured, marketed, licensed or sold by the Company, or to become a Client of or enter into any contractual or other relationship with Executive or any other individual, person or entity in regard to the purchase or license of products or services similar or identical to those manufactured, marketed or sold by the Company; or

(ii) attempt in any manner to solicit, persuade or induce any individual, person or entity which is, or at any time during Executive's employment with the Company was, a supplier of any product or service to the Company or vendor of the Company (whether as a distributor, agent, employee or otherwise) to terminate, reduce or refrain from renewing or extending Executive's, Executive's contractual or other relationship with the Company; provided, however, this subparagraph (ii) shall not apply to any employee of the Company who reports in to Executive's organization, was recommended by Executive and had worked with Executive at at least two prior organizations; or

(iii) render to or for any Client any services of the type rendered by the Company; or

(iv) employ as an employee or retain as a consultant any person who is then, or at any time during the preceding twelve months was, an employee of or consultant to the Company (unless the Company had terminated the employment or engagement of such employee or exclusive consultant prior to the time of the alleged prohibited conduct), or persuade or attempt to persuade any employee of or consultant to the Company to leave the employ of the Company or to breach any service arrangement with the Company.

(c) Non-Disclosure. Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by reference.

(d) Reasonable. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 6, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through Executive's employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 6 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

7. Successors.

(a) Company's Successors. This Plan shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes hereunder, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Plan.

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

8. Taxes.

(a) Withholding Taxes. All payments made hereunder shall be subject to reduction to reflect applicable withholding and payroll taxes or other deductions required to be withheld by law.

(b) Tax Advice. Executive is encouraged to obtain Executive's own tax advice regarding Executive's compensation from the Company. Executive agrees that the Company does not have a duty to design its compensation policies in a manner that minimizes Executive's tax liabilities, and Executive shall not make any claim against the Company or the Board related to tax liabilities arising from Executive's compensation.

(c) Parachute Taxes. Notwithstanding anything in this Plan to the contrary, if it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms hereunder or otherwise ("Total Payments") to be made to Executive would otherwise exceed the amount (the "Safe Harbor Amount") that could be received by Executive without the imposition of an excise tax under Section 4999 of Code, then the Total Payments shall be reduced to the Safe Harbor Amount 9f (and only if) the Safe Harbor Amount (net of applicable taxes) is greater than the net amount payable to Executive after taking into account any excise tax imposed under section 4999 of the Code on the Total Payments. All determinations to be made under this subparagraph (c) shall be made by a public accounting firm selected by the Company before the date of the Change in Control (the "Accounting Firm"). In determining whether such Benefit Limit is exceeded, the Accounting Firm shall make a reasonable determination of the value to be assigned to the restrictive covenants in effect for Executive pursuant to Section 6 above, and the amount of Executive's potential parachute payment under Section 280G of the Code shall be reduced by the value of those restrictive covenants and all other permissible adjustments to the extent consistent with Section 280G of the Code and the regulations thereunder. To the extent a reduction to the Total Payments is required to be made in accordance with this subparagraph (c), such reduction and/or cancellation of acceleration of equity awards shall occur in the order that provides the maximum economic benefit to Executive. In the event that acceleration of equity awards is to be reduced, such acceleration of vesting also shall be canceled in the order that provides the maximum economic benefit to Executive. Notwithstanding the foregoing, any reduction shall be made in a manner consistent with the requirements of section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this subparagraph (c) shall be borne solely by the Company.

9. Definitions.

(a) Cause. For all purposes under this Plan, "Cause" shall mean:

(i) An intentional and unauthorized use or disclosure by Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by Executive of any material agreement between Executive and the Company;

(iii) A material failure by Executive to comply with the Company's written policies or rules;

(iv) Executive's conviction of, indictment for or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(v) Executive's gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board (other than by reason of Executive's physical or mental illness, incapacity or disability); or

(vii) A failure by Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested in writing Executive's cooperation, and Executive has not cooperated in good faith within 5 business days.

With respect to subparagraphs (ii), (iii) or (vi), the Company shall not have the right to terminate Executive for Cause if Executive cures the breach or failure within 30 days of the Company's written notice to Executive of such breach or failure.

(b) Change in Control. For all purposes under this Plan, "Change in Control" shall mean the occurrence of:

(i) The acquisition, by a person or persons acting as a group, of the Company's stock that, together with other stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the Company;

(ii) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of 30% or more of the total voting power of the Company;

(iii) The replacement of a majority of the members of the Board, during any 12-month period, by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or

(iv) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of the Company's assets having a total gross fair market value (determined without regard to any liabilities associated with such assets) of 80% or more of the total gross fair market value of all of the assets of the Company (determined without regard to any liabilities associated with such assets) immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur unless such transaction also qualifies as an event under Treas. Reg. §1.409A-3(i)(5)(v) (change in the ownership of a corporation), Treas. Reg. §1.409A-3(i)(5)(vi) (change in the effective control of a corporation), or Treas. Reg. §1.409A-3(i)(5)(vii) (change in the ownership of a substantial portion of a corporation's assets).

(c) Client. For all purposes under this Plan, "Client" shall mean (i) anyone who is a client of the Company as of, or at any time during the one-year period immediately preceding, the termination of Executive's employment, but only if Executive had a direct relationship with, supervisory responsibility for or otherwise were involved with such client during Executive's employment with the Company and (ii) any prospective client to whom the Company made a new business presentation (or similar offering of services) at any time during the one-year period immediately preceding, or six-month period immediately following, Executive's employment termination (but only if initial discussions between the Company and such prospective client relating to the rendering of services occurred prior to the termination date, and only if Executive participated in or supervised such presentation and/or its preparation or the discussions leading up to it).

(d) Code. For all purposes under this Plan, "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) Company. For all purposes under this Plan, "Company" shall include Synchronoss Technologies, Inc. and all of its subsidiaries and affiliates.

(f) Good Reason. For all purposes under this Plan, "Good Reason" shall mean:

(i) a material dimunition in Executive's authorities, duties or responsibilities;

(ii) a reduction in Executive's base salary by more than 10% unless pursuant to a Company-wide salary reduction affecting all Executives proportionately;

(iii) relocation of Executive's principal workplace that results in an increase to Executive's commute by more than 50 miles;

(iv) a material reduction in the kind or level of incentive compensation or employee benefits to which Executive is entitled immediately prior to such reduction with the result that Executive's overall compensation and benefits package is significantly reduced, unless such reduction occurs solely as a result of a reduction in the kind or level of employee benefits of employees that applies for all employees of the Company; or

(v) a material breach by the Company of this Agreement.

A condition shall not be considered "Good Reason" unless Executive gives the Company written notice of such condition within 90 days Executive has knowledge of such condition and the Company fails to remedy such condition (or in the case of (v) remedy such breach) within 30 days after receiving Executive's written notice. In addition, Executive's resignation must occur within 12 months after Executive has knowledge of such condition.

(g) Involuntary Termination. For all purposes under this Plan, "Involuntary Termination" shall mean either (i) the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, or (ii) Executive resigns Executive's Employment for Good Reason and a Separation occurs.

(h) Permanent Disability. For all purposes under this Plan, "Permanent Disability" shall mean, in the reasonable determination by the Compensation Committee, Executive's inability to perform the essential functions of Executive's position, with or without reasonable accommodation, for a period of at least 180 consecutive days because of a physical or mental impairment.

(i) Proprietary Information. For all purposes under this Plan, "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (i) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (iii) information regarding the skills and compensation of other employees of the Company.

(j) Restricted Business. For all purposes under this Plan, "Restricted Business" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company (and expected to reach market before the end of the Restricted Period) at the time Executive's employment with the Company ends, whether during or after the Term.

(k) Restricted Territory. For all purposes under this Plan, "Restricted Territory" shall mean any state, county, or locality in the United States or around the world in which the Company conducts business.

(l) Separation. For all purposes under this Plan, "Separation" means a "separation from service," as defined in the regulations under Section 409A of the Code.

(m) Solicit. For all purposes under this Plan, "solicit" shall mean (i) active solicitation of any Client or Company employee (but not general marketing of a product, service or open position not targeted at such employee); (ii) the provision of information regarding any Client or Company employee to any third party where such information could be useful to such third party in attempting to obtain business from such Client or attempting to hire any such Company employee; (iii) participation in any meetings, discussions, or other communications with any third party regarding any Client or Company employee where the purpose or effect of such meeting, discussion or communication is to obtain business from such Client or employ such Company employee; and (iv) any other passive use of information about any Client or Company employee which has the purpose or effect of assisting a third party or causing harm to the business of the Company.

10. Miscellaneous Provisions.

(a) Notice. Notices and all other communications contemplated by this Plan shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) Modifications and Waivers. No provision of this Plan shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Plan by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Whole Agreement. This Plan and the Proprietary Information and Inventions Agreement supersede and replace any prior agreements, representations or understandings (whether oral or written and whether express or implied) between Executive and the Company and constitute the complete agreement between Executive and the Company regarding the subject matter set forth herein; provided that nothing in this Agreement shall supersede an express promise made by the Company in Executive's Offer Letter.

(d) Choice of Law and Severability. This Plan shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Plan becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Plan shall continue in full force and effect. If any provision of this Plan is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Plan shall continue in full force and effect without impairment or limitation.

(e) No Assignment. This Plan and all rights and obligations of Executive hereunder are personal to Executive and may not be transferred or assigned by Executive at any time. The Company may assign its rights under this Plan to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(f) Survival. The rights and obligations of the parties under the provisions of this Plant (including without limitation Section 6 shall survive, and remaining binding and enforceable, notwithstanding the termination of Executive's employment hereunder or otherwise, to the extent necessary to preserve the intended benefits of such provision.

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of April 27, 2017 ("Commencement Date"), by and between Lawrence Irving (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Except as otherwise provided herein, defined terms are set forth in Section 10 below.

1. **Duties and Scope of Employment.**

(a) Position. For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ Executive in the position of Chief Financial Officer. Executive shall report to the Company's Chief Executive Officer or his or her designee. Executive's principal workplace shall be in Bridgewater, New Jersey.

(b) **Obligations to the Company**. During his Employment, Executive (i) shall devote substantially all of his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company, (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time and (v) shall comply with the Proprietary Information and Inventions Agreement. This provision shall not restrict Executive's ability to sit on non-profit boards and, subject to Board approval, at least one corporate board.

(c) **No Conflicting Obligations**. Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Indemnification/D&O Insurance**. To the maximum extent permitted by applicable law and the Company's by-laws, the Company shall indemnify Executive for all acts and omissions by him and any action on his part while acting in such capacity, and for losses that arise from serving at the request of the Company or a subsidiary thereof as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. Executive shall be covered by directors' and officers' liability insurance on a basis no less favorable than provided to directors and officers of the Company, including "tail" coverage.

(e) **Commencement Date**. Executive has previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as the Commencement Date through the Term (as defined in Section 5(a) below).

2. **Compensation**

(a) **Salary**. The Company shall pay Executive as compensation for his services a base salary at a gross annual rate of not less than $425,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.")

(b) **Incentive Bonuses**. Executive shall be eligible for an annual incentive bonus with a target amount equal to 80% of his Base Salary (the "Target Bonus"). Executive's bonus (if any) shall be awarded based on criteria established by the Company's Board of Directors (the "Board") or its Compensation Committee. Executive shall not be entitled to an incentive bonus for a fiscal year if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable or is provided notice of termination under Section 5(b) prior to such time. Any bonus for a fiscal year shall be paid within 2½ months after the close of that fiscal year. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding.

3. **Paid Time Off and Employee Benefits.** During his Employment, Executive shall be eligible for paid time off in accordance with the Company's paid time off policy, as it may be amended from time to time, with a minimum of 20 paid time off days per year (accruing for each year on the first day of such year), plus three floating holidays, and any United States Company-wide holidays; provided, however, Executive shall not be entitled to carry over any paid time off days from year to year. During his Employment, Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the terms and conditions of the plan in question.

4. **Business Expenses.** During his Employment, Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. Notwithstanding anything to the contrary herein, except to the extent any expense or reimbursement provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, (a) the amount of expenses eligible for reimbursement provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (b) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (c) the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) the date of Executive's resignation from the Company and (ii) the date Executive's Employment is terminated in accordance with Section 5(b) (the "Term").

(b) **Termination of Employment**. The Company may terminate Executive's Employment at any time and for any reason (or no reason), and with or without Cause, by giving Executive 30 days' advance notice in writing. Executive may terminate his Employment by giving the Company

30 days' advance notice in writing. The Company shall have the right at any time during such 30-day period, to relieve Executive of his offices, duties and responsibilities and place him on a paid leave-of-absence status, provided that during such notice period, Executive shall remain a full-time employee of the Company and shall continue to receive his then current salary compensation and other benefits as provided in this Agreement. Executive's Employment shall terminate automatically in the event of his death. The termination of Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's termination of Employment for any reason, Executive shall be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, 3, and 4 for the period preceding the effective date of such termination or otherwise accrued before such termination. Upon the termination of Executive's Employment under certain circumstances, Executive may be entitled to additional severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death.** If Executive's Employment ends due to death, (A) Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year and (B) all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by Executive at the time of his death shall be fully vested. All amounts under this Section 5(d) shall be paid no later than the date all regular employees are paid their bonuses.

(e) **Rights Upon Permanent Disability**. If Executive's Employment ends due to Permanent Disability and a Separation occurs, (I) Executive shall be entitled to receive (i) an amount equal to his Target Bonus for the fiscal year in which his Employment ended (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year, and (ii) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (II) all stock options, shares of restricted stock (other than performance-related restricted stock) and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of Executive's Separation. The amounts payable under this Section 5(e) shall be paid no later 60 days after Executive's Separation.

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless Executive:

(i) Has executed (or, with respect to Section 5(d), the executor or his estate has executed) a general release of all claims Executive (or his executor or estate) may have against the Company or persons affiliated with the Company (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Complies with Executive's obligations under Section 7 of this Agreement;

(iii) Has returned all property of the Company in Executive's possession; and

(iv) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

Executive must execute and return the Release within the period of time set forth in the Release (the "Release Deadline"). The Release Deadline will in no event be later than 50 days after Executive's Separation. If Executive fails to return the Release on or before the Release Deadline or if Executive revokes the Release, then Executive will not be entitled to the benefits described in this Section 6.

(b) **Severance Pay in the Absence of a Change in Control**. If, during the term of this Agreement and not at a time described in subsection (c) below, Executive resigns his Employment for Good Reason and a Separation occurs or the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, then the Company shall pay Executive a lump sum severance payment equal to (i) one and one-half times (A) his Base Salary in effect at the time of the termination of Employment plus, (B) his average annual bonus based on the actual amounts received in the immediately preceding two years and (ii) the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation. In the event that Executive Employment is terminated for a reason other than death, Cause or Permanent Disability or Executive resigns his Employment for Good Reason under this Subsection (b) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of termination if such termination under this Subsection (b) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (b) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control**. If, during the term of this Agreement and within (i) 120 days prior to or (ii) 24 months following a Change in Control, Executive is subject to an Involuntary Termination, then (i) the Company shall pay Executive a lump sum severance payment equal to (x) two times his Base Salary in effect at the time of the termination of Employment plus two times Executive's average bonus received in the immediately preceding two years and (y) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (ii) all stock options, shares of restricted stock (other than performance-related restricted stock that is tied to performance after the Change in Control), and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of the Involuntary Termination. In the event that Executive is subject to an

Involuntary Termination under this Subsection (c) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of the Involuntary Termination if such termination under this Subsection (c) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (c) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Commencement of Severance Payments**. Payment of the severance pay provided for under this Agreement will be made no later than the first regularly scheduled payroll date that occurs no later than 50 days after Executive's Separation, but only if Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). However, except as provided in the next following sentence, if the 50-day period described in Section 5(a) spans two calendar years, then the payment will be made on the first payroll date in the second calendar year following expiration of the applicable revocation period. In the event that Executive experiences an Involuntary Termination immediately at or after a Change in Control, the Company shall work with the surviving company to ensure that any payments due to Executive under subsection (c) above be paid upon the closing of the Change in Control. In addition, if at any time the parties agree that a Good Reason arises after the Change in Control and severance is due to Executive under subsection (c), the Company shall work with the surviving company to insure that any such payments due to Executive are paid promptly after such Good Reason arises.

(e) **Section 409A**. This Agreement shall be construed consistently with the intent that all payments hereunder shall be exempt from the requirements of Section 409A of the Code by reason of the "short-term" deferral exemption or a different exemption. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. If the Company determines that Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of his Separation, then (i) payment of any "nonqualified deferred compensation" (within the meaning of Section 409A) that is payable to Executive upon Separation shall be delayed until the first business day following (A) expiration of the six-month period measured from Executive's Separation, or (B) the date of Executive's death, and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence.

7. **Protective Covenants.**

(a) **Non–Competition.** As one of the Company's executive and management personnel and officer, Executive has acquired extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his employment he will have access to and knowledge of Proprietary Information. To protect the Company's Proprietary Information, and in consideration of this Agreement, Executive agrees that during his employment with the Company and for a period of twelve (12) months after the termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise (the "Restricted Period"), he will not without the Company's approval (which shall not be unreasonably withheld), directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a Restricted Business in a Restricted Territory. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation or (ii) any stock he presently owns shall not constitute a violation of this Section.

(b) **Non-Solicitation and Non-Servicing.** During his employment with the Company and continuing for a period of eighteen (18) months after termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise, Executive shall not directly or indirectly, personally or through others,

(i) attempt in any manner to solicit, persuade or induce any Client of the Company to terminate, reduce or refrain from renewing or extending its contractual or other relationship with the Company in regard to the purchase or licensing of products or services manufactured, marketed, licensed or sold by the Company, or to become a Client of or enter into any contractual or other relationship with Executive or any other individual, person or entity in regard to the purchase or license of products or services similar or identical to those manufactured, marketed or sold by the Company; or

(ii) attempt in any manner to solicit, persuade or induce any individual, person or entity which is, or at any time during Executive's employment with the Company was, a supplier of any product or service to the Company or vendor of the Company (whether as a distributor, agent, employee or otherwise) to terminate, reduce or refrain from renewing or extending his, her or its contractual or other relationship with the Company; provided, however, this subparagraph (ii) shall not apply with respect to (I) during the first six (6) months after Executive's Separation, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment, plus Executive's administrative assistant, and (II) during the next six (6) month period thereafter, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment; or

(iii) render to or for any Client any services of the type rendered by the Company; or

(iv) subject to the exceptions in subparagraph (ii) above, employ as an employee or retain as a consultant any person who is then, or at any time during the preceding twelve months was, an employee of or consultant to the Company (unless the Company had terminated the employment or engagement of such employee or exclusive consultant prior to the time of the alleged prohibited conduct), or persuade, induce or attempt to persuade any employee of or consultant to the Company to leave the employ of the Company or to breach any service arrangement with the Company.

(c) **Non-Disclosure.** Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by reference.

(d) **Reasonable.** Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of

Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

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

9. **Taxes.**

(a) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect applicable withholding and payroll taxes or other deductions required to be withheld by law.

(b) **Tax Advice**. Executive is encouraged to obtain his own tax advice regarding his compensation from the Company. Executive agrees that the Company does not have a duty to design its compensation policies in a manner that minimizes Executive's tax liabilities, and Executive shall not make any claim against the Company or the Board related to tax liabilities arising from Executive's compensation.

(c) Parachute Taxes. Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise ("Total Payments") to be made to Executive would otherwise exceed the amount (the "Safe Harbor Amount") that could be received by Executive without the imposition of an excise tax under Section 4999 of Code, then the Total Payments shall be reduced to the Safe Harbor Amount if (and only if) the Safe Harbor Amount (net of applicable taxes) is greater than the net amount payable to Executive after taking into account any excise tax imposed under section 4999 of the Code on the Total Payments. All determinations to be made under this subparagraph (c) shall be made by a public accounting firm selected by the Company before the date of the Change in Control (the "Accounting Firm"). In determining whether such Benefit Limit is exceeded, the Accounting Firm shall make a reasonable determination of the value to be assigned to the restrictive covenants in effect for Executive pursuant to Section 7 of this Agreement, and the amount of his potential parachute payment under Section 280G of the Code shall be reduced by the value of those restrictive covenants and all other permissible adjustments to the extent consistent with Section 280G of the Code and the regulations thereunder. To the extent a reduction to the Total Payments is required to be made in accordance with this subparagraph (c), such reduction and/or cancellation of acceleration of equity awards shall occur in the order that provides the maximum economic benefit to Executive. In the event that acceleration of equity awards is to be reduced, such acceleration of vesting also shall be canceled in the order that provides the maximum economic benefit to Executive. Notwithstanding the foregoing, any reduction shall be made in a manner consistent with the requirements of section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this subparagraph (c) shall be borne solely by the Company.

10. **Definitions.**

(a) **Cause**. For all purposes under this Agreement, "Cause" shall mean:

(i) An intentional and unauthorized use or disclosure by Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by Executive of any material agreement between Executive and the Company;

(iii) A material failure by Executive to comply with the Company's written policies or rules;

(iv) Executive's conviction of, indictment for, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(v) Executive's gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board (other than by reason of Executive's physical or mental illness, incapacity or disability); or

(vii) A failure by Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested in writing Executive's cooperation, and Executive has not cooperated in good faith within 5 business days.

With respect to subparagraphs (ii), (iii) or (vi), the Company shall not have the right to terminate Executive for Cause if Executive cures the breach or failure within 30 days of the Company's written notice to Executive of such breach or failure.

(b) **Change in Control**. For all purposes under this Agreement, "Change in Control" shall mean the occurrence of:

(i) The acquisition, by a person or persons acting as a group, of the Company's stock that, together with other stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the Company;

(ii) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of 30% or more of the total voting power of the Company;

(iii) The replacement of a majority of the members of the Board, during any 12-month period, by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or

(iv) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of the Company's assets having a total gross fair market value (determined without regard to any liabilities associated with such assets) of 80% or more of the total gross fair market value of all of the assets of the Company (determined without regard to any liabilities associated with such assets) immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur unless such transaction also qualifies as an event under Treas. Reg. §1.409A-3(i)(5)(v) (change in the ownership of a corporation), Treas. Reg. §1.409A-3(i)(5)(vi) (change in the effective control of a corporation), or Treas. Reg. §1.409A-3(i)(5)(vii) (change in the ownership of a substantial portion of a corporation's assets).

(c) **Client.** For all purposes under this Agreement, "Client" shall mean (i) anyone who is a client of the Company as of, or at any time during the one-year period immediately preceding, the termination of Executive's employment, but only if Executive had a direct relationship with, supervisory responsibility for or otherwise were involved with such client during Executive's employment with the Company and (ii) any prospective client to whom the Company made a new business presentation (or similar offering of services) at any time during the one-year period immediately preceding, or six-month period immediately following, Executive's employment termination (but only if initial discussions between the Company and such prospective client relating to the rendering of services occurred prior to the termination date, and only if Executive participated in or supervised such presentation and/or its preparation or the discussions leading up to it).

(d) **Code**. For all purposes under this Agreement, "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) **Company**. For all purposes under this Agreement, "Company" shall include Synchronoss Technologies, Inc. and all of its subsidiaries and affiliates.

(f) **Good Reason**. For all purposes under this Agreement, "Good Reason" shall mean:

(i) material diminution in Executive's authorities, duties or responsibilities;

(ii) a reduction in Executive's base salary by more than 5% unless pursuant to a Company-wide salary reduction affecting all of the Company's Section 16 officers proportionately;

(iii) relocation of Executive's principal workplace that results in an increase to Executive's commute by more than 50 miles;

(iv) a material reduction in the kind or level of incentive compensation or employee benefits to which Executive is entitled immediately prior to such reduction with the result that Executive's overall compensation and benefits package is significantly reduced, unless such reduction occurs solely as a result of a reduction in the kind or level of employee benefits of employees that applies for all employees of the Company or

(v) a material breach by the Company of this Agreement.

A condition shall not be considered "Good Reason" unless Executive gives the Company written notice of such condition within 90 days after Executive has knowledge of such condition and the Company fails to remedy such condition (or in the case of (v), remedy such breach) within 30 days after receiving Executive's written notice. In addition, Executive's resignation must occur no later than 12 months after Executive has knowledge of such condition.

(g) **Involuntary Termination**. For all purposes under this Agreement, "Involuntary Termination" shall mean either (i) the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, or (ii) Executive resigns his Employment for Good Reason and a Separation occurs.

(h) **Permanent Disability**. For all purposes under this Agreement, "Permanent Disability" shall mean, in the reasonable determination by the Compensation Committee, Executive's inability to perform the essential functions of Executive's position, with or without reasonable accommodation, for a period of at least 180 consecutive days because of a physical or mental impairment.

(i) **Proprietary Information**. For all purposes under this Agreement, "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (i) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (iii) information regarding the skills and compensation of other employees of the Company.

(j) **Restricted Business**. For all purposes under this Agreement, "Restricted Business" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company (and expected to reach market before the end of the Restricted Period) at the time Executive's employment with the Company ends, whether during or after the Term.

(k) **Restricted Territory**. For all purposes under this Agreement, "Restricted Territory" shall mean any state, county, or locality in the United States or around the world in which the Company conducts business.

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

(m) **Solicit.** For all purposes under this Agreement, "solicit" shall mean (i) active solicitation of any Client or Company employee (but not general marketing of a product, service or open position not targeted at such employee); (ii) the provision of information regarding any Client or Company employee to any third party where such information could be useful to such third party in attempting to obtain business from such Client or attempting to hire any such Company employee; (iii) participation in any meetings, discussions, or other communications with any third party regarding any Client or Company employee where the purpose or effect of such meeting, discussion or communication is to obtain business from such Client or employ such Company employee; and (iv) any other passive use of information about any Client or Company employee which has the purpose or effect of assisting a third party or causing harm to the business of the Company.

11. **Miscellaneous Provisions.**

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

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. This Agreement and the Proprietary Information and Inventions Agreement supersede and replace any prior agreements, representations or understandings (whether oral or written and whether express or implied) between Executive and the Company and constitute the complete agreement between Executive and the Company regarding the subject matter set forth herein; provided that nothing in this Agreement shall supersede an express promise made by the Company in Executive's offer letter.

(d) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(e) **No Assignment**. This Agreement and all rights and obligations of Executive hereunder are personal to Executive and may not be transferred or assigned by Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(f) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) **Survival.** The rights and obligations of the parties under the provisions of this Agreement (including without limitation Section 7) shall survive, and remaining binding and enforceable, notwithstanding the termination of this Agreement, the termination of Executive's Employment hereunder or otherwise, to the extent necessary to preserve the intended benefits of such provision.

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

Lawrence R. Irving

Lawrence Irving

SYNCHRONOSS TECHNOLOGIES, INC.

By ______________________

Stephen Waldis
Chief Executive Officer

EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of May 1, 2017 ("Commencement Date"), by and between Robert Garcia (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of January 1, 2015 between the Company and the Executive shall be terminated as of April 30, 2017.

Except as otherwise provided herein, defined terms are set forth in Section 10 below.

1. **Duties and Scope of Employment.**

(a) Position. For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ Executive in the position of President and Chief Operating Officer. Executive shall report to the Company's Chief Executive Officer or his or her designee. Executive's principal workplace shall be in Bridgewater, New Jersey.

(b) **Obligations to the Company**. During his Employment, Executive (i) shall devote substantially all of his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company, (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time and (v) shall comply with the Proprietary Information and Inventions Agreement. This provision shall not restrict Executive's ability to sit on non-profit boards and, subject to Board approval, at least one corporate board.

(c) **No Conflicting Obligations**. Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Indemnification/D&O Insurance.** To the maximum extent permitted by applicable law and the Company's by-laws, the Company shall indemnify Executive for all acts and omissions by him and any action on his part while acting in such capacity, and for losses that arise from serving at the request of the Company or a subsidiary thereof as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. Executive shall be covered by directors' and officers' liability insurance on a basis no less favorable than provided to directors and officers of the Company, including "tail" coverage.

(e) **Commencement Date**. Executive has previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as the Commencement

Date through the Term (as defined in Section 5(a) below).

2. **Compensation**

(a) **Salary**. The Company shall pay Executive as compensation for his services a base salary at a gross annual rate of not less than $475,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.")

(b) **Incentive Bonuses**. Executive shall be eligible for an annual incentive bonus with a target amount equal to 80% of his Base Salary (the "Target Bonus"). Executive's bonus (if any) shall be awarded based on criteria established by the Company's Board of Directors (the "Board") or its Compensation Committee. Executive shall not be entitled to an incentive bonus for a fiscal year if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable or is provided notice of termination under Section 5(b) prior to such time. Any bonus for a fiscal year shall be paid within 2½ months after the close of that fiscal year. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding.

3. **Paid Time Off and Employee Benefits.** During his Employment, Executive shall be eligible for paid time off in accordance with the Company's paid time off policy, as it may be amended from time to time, with a minimum of 20 paid time off days per year (accruing for each year on the first day of such year), plus three floating holidays, and any United States Company-wide holidays; provided, however, Executive shall not be entitled to carry over any paid time off days from year to year. During his Employment, Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the terms and conditions of the plan in question.

4. **Business Expenses.** During his Employment, Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. Notwithstanding anything to the contrary herein, except to the extent any expense or reimbursement provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A of the Code, (a) the amount of expenses eligible for reimbursement provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (b) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (c) the right to payment or reimbursement hereunder may not be liquidated or exchanged for any other benefit.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) the date of Executive's resignation from the Company and (ii) the date Executive's Employment is terminated in accordance with Section 5(b) (the "Term").

(b) **Termination of Employment**. The Company may terminate Executive's Employment at any time and for any reason (or no reason), and with or without Cause, by giving Executive 30 days' advance notice in writing. Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Company shall have the right at any time during such 30-day period, to relieve Executive of his offices, duties and responsibilities and place him on a paid leave-of-absence status, provided that during such notice period, Executive shall remain a full-time employee of the Company and shall continue to receive his then current salary compensation and other benefits as provided in this Agreement. Executive's Employment shall terminate automatically in the event of his death. The termination of Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's termination of Employment for any reason, Executive shall be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, 3, and 4 for the period preceding the effective date of such termination or otherwise accrued before such termination. Upon the termination of Executive's Employment under certain circumstances, Executive may be entitled to additional severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death**. If Executive's Employment ends due to death, (A) Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred (or, if greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year and (B) all stock options, shares of restricted stock (other than performance-related restricted stock), and other time-based equity awards granted by the Company and held by Executive at the time of his death shall be fully vested. All amounts under this Section 5(d) shall be paid no later than the date all regular employees are paid their bonuses.

(e) **Rights Upon Permanent Disability**. If Executive's Employment ends due to Permanent Disability and a Separation occurs, (I) Executive shall be entitled to receive (i) an amount equal to his Target Bonus for the fiscal year in which his Employment ended (or, if reasonably ascertainable and greater, the bonus amount determined based on the applicable factors and actual performance for such fiscal year), prorated based on the number of days he was employed by the Company during that fiscal year, and (ii) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (II) all stock options, shares of restricted stock (other than performance-related restricted stock) and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of Executive's Separation. The amounts payable under this Section 5(e) shall be paid no later 60 days after Executive's Separation.

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless Executive:

(i) Has executed (or, with respect to Section 5(d), the executor or his estate has executed) a general release of all claims Executive (or his executor or estate) may have against the Company or persons affiliated with the Company (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Complies with Executive's obligations under Section 7 of this Agreement;

(iii) Has returned all property of the Company in Executive's possession; and

(iv) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

Executive must execute and return the Release within the period of time set forth in the Release (the "Release Deadline"). The Release Deadline will in no event be later than 50 days after Executive's Separation. If Executive fails to return the Release on or before the Release Deadline or if Executive revokes the Release, then Executive will not be entitled to the benefits described in this Section 6.

(b) **Severance Pay in the Absence of a Change in Control**. If, during the term of this Agreement and not at a time described in subsection (c) below, Executive resigns his Employment for Good Reason and a Separation occurs or the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, then the Company shall pay Executive a lump sum severance payment equal to (i) one and one-half times (A) his Base Salary in effect at the time of the termination of Employment plus, (B) his average annual bonus based on the actual amounts received in the immediately preceding two years and (ii) the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation. In the event that Executive Employment is terminated for a reason other than death, Cause or Permanent Disability or Executive resigns his Employment for Good Reason under this Subsection (b) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of termination if such termination under this Subsection (b) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (b) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control**. If, during the term of this Agreement and within (i) 120 days prior to or (ii) 24 months following a Change in Control, Executive is subject to an Involuntary Termination, then (i) the Company shall pay Executive a lump sum severance payment equal to (x) two times his Base Salary in effect at the time of the termination of Employment plus two times Executive's average bonus received in the immediately preceding two years and (y) a lump sum amount equal to the product of (A) 24 and (B) the monthly amount the Company was paying on behalf of Executive and his eligible dependents with respect to the Company's health insurance plans in which Executive and his eligible dependents were participants as of the date of Separation, and (ii) all stock options, shares of restricted stock (other than performance-related restricted stock that is tied to performance after the Change in Control), and other time-based equity awards granted by the Company and held by Executive shall be fully vested as of the date of the Involuntary Termination. In the event that Executive is subject to an Involuntary Termination under this Subsection (c) within two years after commencement of employment with the Company, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus in the year of the Involuntary Termination if such termination under this Subsection (c) occurs in the first year of employment with the Company and the actual bonus Executive received during the first year of employment with the Company if such termination under this Subsection (c) occurs in the second year of employment with the Company. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Commencement of Severance Payments**. Payment of the severance pay provided for under this Agreement will be made no later than the first regularly scheduled payroll date that occurs no later than 50 days after Executive's Separation, but only if Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). However, except as provided in the next following sentence, if the 50-day period described in Section 5(a) spans two calendar years, then the payment will be made on the first payroll date in the second calendar year following expiration of the applicable revocation period. In the event that Executive experiences an Involuntary Termination immediately at or after a Change in Control, the Company shall work with the surviving company to ensure that any payments due to Executive under subsection (c) above be paid upon the closing of the Change in Control. In addition, if at any time the parties agree that a Good Reason arises after the Change in Control and severance is due to Executive under subsection (c), the Company shall work with the surviving company to insure that any such payments due to Executive are paid promptly after such Good Reason arises.

(e) **Section 409A**. This Agreement shall be construed consistently with the intent that all payments hereunder shall be exempt from the requirements of Section 409A of the Code by reason of the "short-term" deferral exemption or a different exemption. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. If the Company determines that Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code at the time of his Separation, then (i) payment of any "nonqualified deferred compensation" (within the meaning of Section 409A) that is payable to Executive upon Separation shall be delayed until the first business day following (A) expiration of the six-month period measured from Executive's Separation, or (B) the date of Executive's death, and (ii) the installments that otherwise would have been paid prior to such date will be paid in a lump sum when such payments commence.

7. **Protective Covenants.**

(a) **Non–Competition.** As one of the Company's executive and management personnel and officer, Executive has acquired extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his employment he will have access to and knowledge of Proprietary Information. To protect the Company's Proprietary Information, and in consideration of this Agreement, Executive agrees that during his employment with the Company and for a period of twelve (12) months after the termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise (the "Restricted Period"), he will not without the Company's approval (which shall not be unreasonably withheld), directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a Restricted Business in a Restricted Territory. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation or (ii) any stock he presently owns shall not constitute a violation of this Section.

(b) **Non-Solicitation and Non-Servicing**. During his employment with the Company and continuing for a period of eighteen (18) months after termination of Executive's employment with the Company for any reason, whether under this Agreement or otherwise, Executive shall not directly or indirectly, personally or through others,

(i) attempt in any manner to solicit, persuade or induce any Client of the Company to terminate, reduce or refrain from renewing or extending its contractual or other relationship with the Company in regard to the purchase or licensing of products or services manufactured, marketed, licensed or sold by the Company, or to become a Client of or enter into any contractual or other relationship with Executive or any other individual, person or entity in regard to the purchase or license of products or services similar or identical to those manufactured, marketed or sold by the Company; or

(ii) attempt in any manner to solicit, persuade or induce any individual, person or entity which is, or at any time during Executive's employment with the Company was, a supplier of any product or service to the Company or vendor of the Company (whether as a distributor, agent, employee or otherwise) to terminate, reduce or refrain from renewing or extending his, her or its contractual or other relationship with the Company; provided, however, this subparagraph (ii) shall not apply with respect to (I) during the first six (6) months after Executive's Separation, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment, plus Executive's administrative assistant, and (II) during the next six (6) month period thereafter, up to two service providers of the Company who report in to Executive's organization, were recruited by Executive and had worked with Executive in prior employment; or

(iii) render to or for any Client any services of the type rendered by the Company; or

(iv) subject to the exceptions in subparagraph (ii) above, employ as an employee or retain as a consultant any person who is then, or at any time during the preceding twelve months was, an employee of or consultant to the Company (unless the Company had terminated the employment or engagement of such employee or exclusive consultant prior to the time of the alleged prohibited conduct), or persuade, induce or attempt to persuade any employee of or consultant to the Company to leave the employ of the Company or to breach any service arrangement with the Company.

(c) **Non-Disclosure**. Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by reference.

(d) **Reasonable**. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

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

9. **Taxes.**

(a) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect applicable withholding and payroll taxes or other deductions required to be withheld by law.

(b) **Tax Advice**. Executive is encouraged to obtain his own tax advice regarding his compensation from the Company. Executive agrees that the Company does not have a duty to design its compensation policies in a manner that minimizes Executive's tax liabilities, and Executive shall not make any claim against the Company or the Board related to tax liabilities arising from Executive's compensation.

(c) **Parachute Taxes**. Notwithstanding anything in this Agreement to the contrary, if it shall be determined that any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise ("Total Payments") to be made to Executive would otherwise exceed the amount (the "Safe Harbor Amount") that could be received by Executive without the imposition of an excise tax under Section 4999 of Code, then the Total Payments shall be reduced to the Safe Harbor Amount if (and only if) the Safe Harbor Amount (net of applicable taxes) is greater than the net amount payable to Executive after taking into account any excise tax imposed under section 4999 of the Code on the Total Payments. All determinations to be made under this subparagraph (c) shall be made by a public accounting firm selected by the Company before the date of the Change in Control (the "Accounting Firm"). In determining whether such Benefit Limit is exceeded, the Accounting Firm shall make a reasonable determination of the value to be assigned to the restrictive covenants in effect for Executive pursuant to Section 7 of this Agreement, and the amount of his potential parachute payment under Section 280G of the Code shall be reduced by the value of those restrictive covenants and all other permissible adjustments to the extent consistent with Section 280G of the Code and the regulations thereunder. To the extent a reduction to the Total Payments is required to be made in accordance with this subparagraph (c), such reduction and/or cancellation of acceleration of equity awards shall occur in the order that provides the maximum economic benefit to Executive. In the event that acceleration of equity awards is to be reduced, such acceleration of vesting also shall be canceled in the order that provides the maximum economic benefit to Executive. Notwithstanding the foregoing, any reduction shall be made in a manner consistent with the requirements of section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this subparagraph (c) shall be borne solely by the Company.

10. **Definitions.**

(a) **Cause**. For all purposes under this Agreement, "Cause" shall mean:

(i) An intentional and unauthorized use or disclosure by Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by Executive of any material agreement between Executive and the Company;

(iii) A material failure by Executive to comply with the Company's written policies or rules;

(iv) Executive's conviction of, indictment for, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(v) Executive's gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board (other than by reason of Executive's physical or mental illness, incapacity or disability); or

(vii) A failure by Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested in writing Executive's cooperation, and Executive has not cooperated in good faith within 5 business days.

With respect to subparagraphs (ii), (iii) or (vi), the Company shall not have the right to terminate Executive for Cause if Executive cures the breach or failure within 30 days of the Company's written notice to Executive of such breach or failure.

(b) **Change in Control**. For all purposes under this Agreement, "Change in Control" shall mean the occurrence of:

(i) The acquisition, by a person or persons acting as a group, of the Company's stock that, together with other stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the Company;

(ii) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of 30% or more of the total voting power of the Company;

(iii) The replacement of a majority of the members of the Board, during any 12-month period, by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of such appointment or election; or

(iv) The acquisition, during a 12-month period ending on the date of the most recent acquisition, by a person or persons acting as a group, of the Company's assets having a total gross fair market value (determined without regard to any liabilities associated with such assets) of 80% or more of the total gross fair market value of all of the assets of the Company (determined without regard to any liabilities associated with such assets) immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur unless such transaction also qualifies as an event under Treas. Reg. §1.409A-3(i)(5)(v) (change in the ownership of a corporation), Treas. Reg. §1.409A-3(i)(5)(vi) (change in the effective control of a corporation), or Treas. Reg. §1.409A-3(i)(5)(vii) (change in the ownership of a substantial portion of a corporation's assets).

(c) **Client.** For all purposes under this Agreement, "Client" shall mean (i) anyone who is a client of the Company as of, or at any time during the one-year period immediately preceding, the termination of Executive's employment, but only if Executive had a direct relationship with, supervisory responsibility for or otherwise were involved with such client during Executive's employment with the Company and (ii) any prospective client to whom the Company made a new business presentation (or similar offering of services) at any time during the one-year period immediately preceding, or six-month period immediately following, Executive's employment termination (but only if initial discussions between the Company and such prospective client relating to the rendering of services occurred prior to the termination date, and only if Executive participated in or supervised such presentation and/or its preparation or the discussions leading up to it).

(d) **Code.** For all purposes under this Agreement, "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) **Company.** For all purposes under this Agreement, "Company" shall include Synchronoss Technologies, Inc. and all of its subsidiaries and affiliates.

(f) **Good Reason.** For all purposes under this Agreement, "Good Reason" shall mean:

(i) material diminution in Executive's authorities, duties or responsibilities;

(ii) a reduction in Executive's base salary by more than 5% unless pursuant to a Company-wide salary reduction affecting all of the Company's Section 16 officers proportionately;

(iii) relocation of Executive's principal workplace that results in an increase to Executive's commute by more than 50 miles;

(iv) a material reduction in the kind or level of incentive compensation or employee benefits to which Executive is entitled immediately prior to such reduction with the result that Executive's overall compensation and benefits package is significantly reduced, unless such reduction occurs solely as a result of a reduction in the kind or level of employee benefits of employees that applies for all employees of the Company or

(v) a material breach by the Company of this Agreement.

A condition shall not be considered "Good Reason" unless Executive gives the Company written notice of such condition within 90 days after Executive has knowledge of such condition and the Company fails to remedy such condition (or in the case of (v), remedy such breach) within 30 days after receiving Executive's written notice. In addition, Executive's resignation must occur no later than 12 months after Executive has knowledge of such condition.

(g) **Involuntary Termination**. For all purposes under this Agreement, "Involuntary Termination" shall mean either (i) the Company terminates Executive's Employment with the Company for a reason other than death, Cause or Permanent Disability and a Separation occurs, or (ii) Executive resigns his Employment for Good Reason and a Separation occurs.

(h) **Permanent Disability**. For all purposes under this Agreement, "Permanent Disability" shall mean, in the reasonable determination by the Compensation Committee, Executive's inability to perform the essential functions of Executive's position, with or without reasonable accommodation, for a period of at least 180 consecutive days because of a physical or mental impairment.

(i) **Proprietary Information**. For all purposes under this Agreement, "Proprietary Information" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (i) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (ii) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (iii) information regarding the skills and compensation of other employees of the Company.

(j) **Restricted Business**. For all purposes under this Agreement, "Restricted Business" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company (and expected to reach market before the end of the Restricted Period) at the time Executive's employment with the Company ends, whether during or after the Term.

(k) **Restricted Territory**. For all purposes under this Agreement, "Restricted Territory" shall mean any state, county, or locality in the United States or around the world in which the Company conducts business.

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

(m) **Solicit.** For all purposes under this Agreement, "solicit" shall mean (i) active solicitation of any Client or Company employee (but not general marketing of a product, service or open position not targeted at such employee); (ii) the provision of information regarding any Client or Company employee to any third party where such information could be useful to such third party in attempting to obtain business from such Client or attempting to hire any such Company employee; (iii) participation in any meetings, discussions, or other communications with any third party regarding any Client or Company employee where the purpose or effect of such meeting, discussion or communication is to obtain business from such Client or employ such Company employee; and (iv) any other passive use of information about any Client or Company employee which has the purpose or effect of assisting a third party or causing harm to the business of the Company.

11. **Miscellaneous Provisions.**

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

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. This Agreement and the Proprietary Information and Inventions Agreement supersede and replace any prior agreements, representations or understandings (whether oral or written and whether express or implied) between Executive and the Company and constitute the complete agreement between Executive and the Company regarding the subject matter set forth herein; provided that nothing in this Agreement shall supersede an express promise made by the Company in Executive's offer letter.

(d) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(e) **No Assignment**. This Agreement and all rights and obligations of Executive hereunder are personal to Executive and may not be transferred or assigned by Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(f) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) **Survival.** The rights and obligations of the parties under the provisions of this Agreement (including without limitation Section 7) shall survive, and remaining binding and enforceable, notwithstanding the termination of this Agreement, the termination of Executive's Employment hereunder or otherwise, to the extent necessary to preserve the intended benefits of such provision.

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

R Garcia
____
Robert Garcia

SYNCHRONOSS TECHNOLOGIES, INC.

By ____________________________
Stephen G. Waldis
Chief Executive Officer

May 5, 2017

Daniel Rizer

[Delivered Electronically]

Re: Executive Employment Letter

Dear Daniel,

On behalf of Synchronoss Technologies, Inc. (the Company), I am pleased to confirm your role on the Synchronoss Executive Team. In your role, your title will be Executive Vice President, Business Development, and you will report directly to the Company's CEO, Stephen Waldis.

Your annual base salary for this position will remain at **$420,000**, and you will also be eligible for a discretionary annual target bonus of **80%** of your base salary based upon the achievement of certain company objectives to be established and approved by the Board of Directors or its Compensation Committee. Your compensation will be paid in accordance with the Company's regular payroll practices, subject to normal payroll taxes and other applicable deductions. Your position will be classified as exempt from the overtime and other requirements under federal and state law.

In addition, you will be eligible to participate in the Company's 2017 Executive Long Term Incentive (LTI) Plan with a target value of **$1 million**. The LTI Plan typically consists of 1/3 time-based Restricted Stock Awards (RSAs), 1/3 time-based Stock Options, and 1/3 Performance Shares based on performance criteria established by the Board of Directors. The number of RSAs granted will be based on the stock price as of the date of the grant, and the number of options granted will be based on the Black Scholes value of the stock price as of the date of the grant. All of the foregoing is subject to the approval of the Board of Directors or its Compensation Committee. The RSAs shall vest one-third per year. One-fourth of the Stock Options shall vest after the first year , and 1/48th every month thereafter. All of the Performance Shares shall vest upon the approval of the Board of Directors or its Compensation Committee based upon whether the Company has met the required performance metrics.

In addition, because you have been identified as a Tier One Executive at Synchronoss, your employment at the Company will also be governed by the terms and conditions of the Tier One Executive Employment Plan, a copy of which is attached hereto.

However, please be aware that you retain the option, as does Synchronoss, of ending your employment with Synchronoss at any time, with or without notice and with or without cause. As such, your employment with Synchronoss is at-will and neither this nor any other oral or written representations may be considered a contract for any specific period of time.

We are excited about your addition to the Executive Team and look forward to your contributions to the Synchronoss 3.0 mission. Please verify the acceptance of your role by signing below and indicating the date on which you signed.

Should you have any questions, please do not hesitate to contact me.

Regards,

Kevin Hunsaker
EVP & Chief Human Resources Officer

______________________________ _________________

Acceptance Signature Date

synchronoss

May 8, 2017

Chris Putnam

[Delivered Electronically]

Re: Executive Employment Letter

Dear Chris,

On behalf of Synchronoss Technologies, Inc. (the Company), I am pleased to formally confirm your role on the Synchronoss Executive Team. Your title will remain Executive Vice President, Sales, and you will report directly to the Company's President & COO, Bob Garcia.

Your annual base salary will remain at **$340,000**, and you will still be eligible for a discretionary annual target bonus of **120%** of your base salary based upon the achievement of certain company objectives to be established and approved by the Board of Directors or its Compensation Committee. Your compensation will be paid in accordance with the Company's regular payroll practices, subject to normal payroll taxes and other applicable deductions. Your position will be classified as exempt from the overtime and other requirements under federal and state law.

In addition, you will be eligible to participate in the Company's 2017 Executive Long Term Incentive (LTI) Plan with a target value of **$1.5 million**. The LTI Plan typically consists of 1/3 time-based Restricted Stock Awards (RSAs), 1/3 time-based Stock Options, and 1/3 Performance Shares based on performance criteria established by the Board of Directors. The number of RSAs granted will be based on the stock price as of the date of the grant, and the number of options granted will be based on the Black Scholes value of the stock price as of the date of the grant. All of the foregoing is subject to the approval of the Board of Directors or its Compensation Committee. The RSAs shall vest one-third per year. One-fourth of the Stock Options shall vest after the first year , and 1/48th every month thereafter. All of the Performance Shares shall vest upon the approval of the Board of Directors or its Compensation Committee based upon whether the Company has met the required performance metrics.

In addition, because you have been identified as a Tier One Executive at Synchronoss, your employment at the Company will also be governed by the terms and conditions of the Tier One Executive Employment Plan, a copy of which is attached hereto.

However, please be aware that you retain the option, as does Synchronoss, of ending your employment with Synchronoss at any time, with or without notice and with or without cause. As such, your employment with Synchronoss is at-will and neither this nor any other oral or written representations may be considered a contract for any specific period of time.

We are excited about your addition to the Executive Team and look forward to your contributions to the Synchronoss 3.0 mission. Please verify the acceptance of your role by signing below and indicating the date on which you signed.

Should you have any questions, please do not hesitate to contact me.

Regards,

Kevin Hunsaker
EVP & Chief Human Resources Officer

______________________________ ________________

Acceptance Signature Date

Application Service Provider Agreement

Between

Verizon Sourcing LLC

And

SYNCHRONOSS TECHNOLOGIES, INC.

TABLE OF CONTENTS

APPLICATION SERVICE PROVIDER AGREEMENT

1. PARTIES

This Application Service Provider Agreement is made between Synchronoss Technologies Inc. a Delaware corporation, with offices at 200 Crossing Blvd, Bridgewater, NJ 08807, on behalf of itself and for the benefits of its Affiliates ("Supplier"), and Verizon Sourcing LLC, a Delaware limited liability company, having an office and principal place of business at One Verizon Way, Basking Ridge, New Jersey 07920, on behalf of itself and for the benefit of its Affiliates (individually or collectively "Verizon"), each a Party and together the Parties hereto.

NOW THEREFORE, in consideration of the mutual promises and conditions set forth herein, receipt of which is hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

2. TERM

This Agreement shall become effective when fully executed by both Parties hereto (the "Effective Date"), and the term of the Agreement shall retroactively commence on April 1, 2013 and shall continue in effect until five years from the Effective Date (the "Initial Term"). This Agreement shall be automatically renewed for subsequent one-year periods (each, a "Renewal Term" and together with the Initial Term, the "Term") at the end of the Initial Term or any Renewal Term unless written notice of intent not to renew is given by one Party to the other **** prior to the end of the Initial Term or any Renewal Term. Notwithstanding anything herein to the contrary, the Term shall continue in effect so long as any Authorization Letters are outstanding.

3. DEFINITIONS

The terms defined in this Section shall have the meanings set forth below whenever they appear in this Agreement, unless the context in which they are used clearly requires a different meaning or a different definition is described for a particular Section or provision:

3.1 "Acceptance" or "Accepted" means delivery to Supplier by Verizon of its written notice of acceptance or deemed acceptance as provided in Section 14 or any Authorization Letter.

3.2 "Affiliate" means, at any time, and with respect to any corporation, partnership, person or other entity, any other corporation, partnership, person or entity that at such time, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first corporation, partnership, person, or other entity. As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a corporation, partnership, person or other entity, whether through the ownership of voting securities, or by contract or otherwise.

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3.3 "Agreement" means this Application Service Provider Agreement, including all Orders, Statements of Work, Exhibits, attachments and all mutually agreed to Authorization Letters attached to and made a part of this Agreement.

3.4 "App(s)" means the software applications, including Catalog Apps, developed by Supplier for distribution to Subscribers for download, installation and use on such Subscriber's Wireless Devices.

3.5 "App Store Catalog" means the third party online repository of applications to which Verizon or Supplier submits for publication an App subject to this Agreement. Examples of this include the online Qualcomm Brew Catalog, the Apple iTunes App Store, the Google Play Store, and the Amazon Kindle Fire Marketplace.

3.6 "App Store Owner" means the third party that owns or controls a given App Store Catalog.

3.7 "App Store Developer Agreement" means the agreement (typically a standard-form agreement) governing the submission, review and publication of applications, including any App, to an App Store Catalog, entered into between the developer of such application and the App Store Owner (or its designee), in addition to any policies incorporated into such App Store Developer Agreement.

3.8 "Application Service Provider" or "ASP" means a Person who manages and delivers content or application capabilities to enable Verizon to make such content or application capabilities available to its Subscribers.

3.9 "Authorization Letter" means a service agreement, order, statement of work or authorization letter, substantially in the form of Exhibit A, mutually agreed to between Verizon and Supplier and duly executed by an authorized representative of each party.

3.10 "Background Materials" means Supplier's tangible and intangible materials and intellectual property that was developed independently from this Agreement or existed before Supplier commenced work on any Software, or Services provided under this Agreement or any Authorization Letter, including without limitation reports, documentation, drawings, computer programs (source code, object code and listings), inventions, know-how, creations, works, devices, masks, models and work-in-process, and any enhancements, corrections, Updates or modifications to such tangible and intangible materials and intellectual property provided it does not include Verizon Confidential Information and expressly excludes any Custom Software or Paid Work Product.

3.11 "Call Detail Information" shall be any information that pertains to the transmission of specific telephone calls, including: (a) for outbound calls, the number called and the time, location or duration of any call, and (b) for inbound calls, the number from which the call was placed and the time, location, or duration of any call.

3.12 "Catalog App(s)" means any software applications developed by Supplier using a third party software development kit and tools developed by an App Store Owner and posted on the online App Store Catalog.

3.13 "Change Request" means a request to modify a previously agreed upon Authorization Letter, in the form attached to this Agreement as Exhibit B, sent in writing or via electronic transmission pursuant to the Change Request Process set forth in Section 4.3 of this Agreement and mutually agreed to by Verizon and Supplier.

3.14 "Commercial Service Date" means the first date that Verizon makes a Data Service commercially available to Subscribers under an Authorization Letter.

3.15 "Content" means digital media objects that Subscribers may preview, download, display, store or otherwise use via the Verizon Service. For greater certainty, Content may include audio, pictures, images, text, graphics, video or other media objects in formats described in the Specifications or as mutually agreed by the Parties, but shall not include any text or digital media objects originated by Subscribers.

3.16 "Content Provider" means any third party who has licensed Content to either Verizon or Supplier.

3.17 "CPNI" or "Customer Proprietary Network Information" shall be as defined in 47 U.S.C. Section 222(h)(1).

3.18 "Custom Software" means the system software, application software and other computer programs resulting from the Development Services provided by Supplier under this Agreement or an Authorization Letter that are not part of the Platform or Supplier Background Materials. Custom Software includes both object code and source code.

3.19 "Data Service" means a service made available by Verizon to Subscribers based upon the Platform, Services, and/or Software described in an applicable Authorization Letter including all exhibits attached thereto, as amended by any Change Request.

3.20 "Deliverables" means all Documentation and other materials, and all Upgrades thereto (i) are delivered to Verizon as described in an Authorization Letter or (ii) that Supplier agrees to provide to Verizon in providing Software or in performing the Services described in an Authorization Letter. For the avoidance of doubt, the Platform shall not be considered a Deliverable.

3.21 "Development Services" means the design, creation, development, modification or enhancement of computer programs by Supplier pursuant to this Agreement or an Authorization Letter.

3.22 "Documentation" means all documentation containing requirements, technical and functional specifications, relating to the design, testing, training, operation and support of a Platform or Software whether in print or in electronic form, including without limitation, (i) Supplier's then current specifications relating to

Platform, Service or Software, (ii) user, maintenance and system administration documentation including without limitation user guidelines, operating manuals, training manuals and technical materials relating to Platform or Services; and (iii) any and all revisions to the above that Supplier provides or agrees to provide to Verizon in an Authorization Letter.

3.23 "Error" means failure of the Platform, Software or Services to perform in accordance with its Specifications.

3.24 "Hardware" means the hardware, equipment or facilities furnished by Supplier or used by Supplier to provide Hosted Services (including the Firmware licensed to Verizon when such Firmware is in the Hardware) and all additions, extensions, components, supplies, test equipment, apparatus and parts, as specified or identified in this Agreement or in an Authorization Letter, including, without limitation, those set forth or otherwise identified in any Authorization Letter, and all other Exhibits to this Agreement.

3.25 "Hosting Service" or "Hosted Service" shall mean the implementation and ongoing operation of a Platform connected to the Verizon Network by any means, including, without limitation, wide area data communications network connections to enable a Data Service to be provided to and used by Subscribers.

3.26 "Indirect Channel Entity" means any third party whom Verizon has authorized in writing to offer, promote, market and resell Verizon Services indirectly or through one or more tiers of indirect distribution, under the Trademarks of Verizon or the Trademarks of such Indirect Channel Entity. For greater certainty, the term "Indirect Channel Entity" expressly does not include overseas Affiliates of Verizon or its parent companies.

3.27 "Intellectual Property Rights" means any patent, copyright, rights in trademarks, trade secret rights and other intellectual property or proprietary rights arising under the laws of any jurisdiction.

3.28 "Milestones" means the schedule of development and delivery milestones specified in an Authorization Letter.

3.29 "Person" means any natural person, corporation, partnership, limited liability company or other entity.

3.30 "Platform" means the system comprised of computer equipment, Software and network interconnections and services, owned, implemented and operated by Supplier (and any corrections, Updates, enhancements or modifications thereto which enables Verizon to provide or support a Data Service to Subscribers as provided in an Authorization Letter.

3.31 "Products" means all Platform, Software and Services, and all hardware, equipment, supplies, materials, parts, components and assemblies used to provide the Services described in an Authorization Letter.

3.32 "Self-Help Code" means (i) any back door, "time bomb", drop-dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than a licensee of the program and (ii) any digital rights management or copy protection code for the Software other than as noted in the applicable Documentation. Self-Help Code does not include software routines in a computer program designed to permit the licensor of the computer program (or other person acting by authority of the licensor) to obtain access to a licensee's computer system(s) (e.g., remote access via modem) for purposes of maintenance or technical support.

3.33 "Services" means all installation, implementation, technical support, maintenance, modification, training, repair, Development Services, Hosting Services, and other services related to a Data Service or Software that Supplier will provide to Verizon, as described in an applicable Authorization Letter including all exhibits attached thereto, as amended by any Change Request.

3.34 "Service Description" means the document attached to the applicable Authorization Letter and made a part thereof, that describes the Service or Software (as applicable) that Supplier will provide to Verizon, as may be modified by Change Requests agreed to by Supplier and Verizon pursuant to the Change Request Process.

3.35 "Verizon Service Requirements" means, collectively, all of the Specifications and all of the requirements for a Data Service or Software set forth or referenced in the applicable Authorization Letter, including but not limited to the Service Description, Service Level Agreement; Security Requirements (as set forth in Exhibit C and as supplemented or as modified in an applicable Authorization Letter); Training Plan and Disaster Recovery Requirements documents, as applicable and as amended from time to time by any mutually agreed upon Change Request, or otherwise upon mutual written agreement of the Parties.

3.36 "Service Level Agreement" or "SLA" means the document attached to the applicable Authorization Letter, which defines and sets forth the service level commitments to be performed by Supplier.

3.37 "Service Web Site" means the location on the Internet or other public data network accessed via a computing device at a URL specified by Verizon which will serve as a location and mechanism through which (i) information about a Data Service or Software may be provided by Verizon, (ii) a Person may elect to become a Subscriber or modify elections made for such Data Service or Software, or (iii) Content may be accessed by, transmitted to the Data Service by, or delivered to Subscribers. With respect to any Web Site maintained on the World Wide Web, such Web Site includes all HTML Pages (or similar unit of information presented in any relevant data protocol) that either are identified by the same second-level domain (such as www.verizonwireless.com) or by an equivalent level identifier in any relevant address scheme.

3.38 "Software" means on whatever media provided, a program, or programs, including data files, system software and application software and firmware consisting of machine readable logical instructions and tables of information, which guide the functioning of a processor or which provide functional and operational performance capabilities and capacities, including all updates, upgrades and enhancements thereto. The term Software as used in this Agreement shall include Apps.

3.39 "Source Code" means the human-readable version of particular Software, as well as associated documentation required or necessary to enable an independent third party programmer with reasonable programming skills to compile, create, operate, maintain, modify and improve such Software and associated documentation without the help of any other Person.

3.40 "Specifications" means the written functional and technical specifications and requirements for a Platform or Software attached to or referenced in this Agreement or the applicable Authorization Letter and all Documentation, as amended from time to time by any mutually agreed upon Change Request or otherwise by mutual written agreement of the Parties.

3.41 "Subscriber" means a Person who (i) subscribes, in a manner prescribed by Verizon, to access and use a Data Service or Software from a Wireless Device and/or (ii) registers in a manner prescribed by Verizon, to access and use a Data Service or Software from a personal computer. For greater certainty, a Person may become a Subscriber either directly through Verizon or indirectly through an Indirect Channel Entity.

3.42 "Subscriber Data" means information or data that (i) is provided by Verizon or a Subscriber, or compiled, generated or collected by either Party in connection with a Data Service or Software, and (ii) identifies the Subscriber individually, or that when compared to or otherwise combined or processed with other information enables an individual Subscriber to be identified. For greater certainty, "Subscriber Data" includes, without limitation, user name or ID, account number, individual usage data, user profile or preferences, credit card or other payment information, mailing address, email address, IP address, landline or cellular telephone numbers, Social Security number and date of birth.

3.43 "Trademarks" means, with respect to each Party, their trademarks, service marks, trade names, logos, brands and other proprietary indicia.

3.44 "Unauthorized Code" means any virus, Trojan horse, worm, rootkit, or other software routine or hardware component designed to enable unauthorized access to, to disable, to erase, or otherwise to harm software, hardware, or data or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

3.45 "Updates" means all future releases, patches, fixes, corrections, enhancements program code changes, improvements, upgrades, updates and new releases relating to Software, as well as refinements, solutions, changes and corrections to the Software as are required to keep the Software in conformance with the applicable Service Requirements and that are created by Supplier as corrections for defects in the Software, including without limitation error corrections, installation programs, and data conversion programs applicable to the Software.

3.46 "Usage Data" means information or data other than Subscriber Data (as defined above) that describes the operation of a Data Service for or use of a Data

Service by Verizon, including but not limited to the number of Subscribers served, the volumes or types of Content stored, downloaded or used, the patterns or frequency of such use, use by geographic area or other similar analytical breakdown, financial information, network configurations, characteristics or capacity, performance metrics, test results, trouble reports and customer service information.

3.47 "Use" means (i) to read Software into or out of hardware memory; (ii) to access, use, execute, operate, display, perform, and store Software, in whole or in part, on any computer system, processor or mobile devices on which Software will function, and on any number of computer systems, processors, or mobile devices; (iii) to transfer into, and store in, equipment all or any portion of the Software; and (iv) to process and execute instructions, statements and data included in, or output to, the Software, all without any modifications to the Software.

3.48 "Verizon Content" means Content (as defined in Section 3.15) that is owned by Verizon or licensed to Verizon by third parties.

3.49 "Verizon Trademarks" means the Trademarks of Verizon that are used in a Data Service or Software or by Verizon in connection with Verizon Services.

3.50 "Verizon Services" means all voice and data communications services provided by Verizon, including, but not limited to, the wireless airtime and landline usage incidental to providing such services.

3.51 "Verizon Network" means the combination of interconnected, integrated telecommunications equipment owned, operated, licensed or leased by Verizon or its Affiliates, into which a Data Service will be integrated at one or more specified points as mutually agreed, that interoperates concurrently and as a whole for the purpose of transmitting, switching and receiving signals, containing voice messages and data, by any means, including electromagnetic (i.e., through the air) means.

3.52 "Supplier Content" means Content (as defined in Section 3.15) that is owned by Supplier or licensed to Supplier by third parties.

3.53 "Wireless Device" means any communications device that enables Subscribers to access and use a Data Service or Software.

4. SCOPE/AUTHORIZATION LETTERS

4.1 This Agreement does not by itself order any Service or Software. Verizon shall order Service or Software by submitting an Authorization Letter, substantially in the form attached hereto as Exhibit A, in accordance with the terms of this Agreement.

4.2 Authorization Letters

4.2.1 Supplier shall furnish Service or Software as specified in Authorization Letters issued from time to time by Verizon and accepted by Supplier.

Verizon shall from time to time issue Authorization Letters in the form appended hereto as Exhibit A, setting forth in detail the specific tasks to be performed and the time frame in which they are to be performed. Authorization Letters for Development Services shall set forth a description of the services and the Custom Software or Paid Work Product ordered, if any, including Service Requirements, Milestones, pricing, and other relevant information, shall be signed by both parties, and shall be identified as an Authorization Letter issued pursuant to this Agreement.

4.2.2 Verizon shall appoint a Project Leader in each Authorization Letter issued by Verizon under this Agreement.

4.3 Change Requests

4.3.1 Verizon and Supplier may, at any time, agree to make additions, deletions or other modifications to a previously requested Service or Software through the Change Request Process set forth in Section 4.3.2 below. Such requests may include one or more documents appended thereto, all of which collectively shall comprise the requests. Change Requests shall be in the form appended hereto as Exhibit B. The parties acknowledge and agree that Change Requests shall not be used when the work requested will involve creation of new Custom Software or Paid Work Product, the ownership of which has not been previously agreed upon in an Authorization Letter.

4.3.2 Upon receipt of any proposed Change Request from Verizon, Supplier will provide to Verizon (i) a written a description of the work Supplier anticipates performing in order to effectuate requested change(s), (ii) a schedule for commencing and completing such work, and (iii) the costs to Verizon associated with such change(s) or services. If Verizon elects to have Supplier perform the changes requested, Verizon will have such Change Request signed by an authorized representative and Supplier shall then also have such Change Request signed by an authorized representative. A Change Request shall not be valid and neither Supplier nor Verizon will incur any liability thereunder until signed and approved by authorized representatives of both Parties (the "Change Request Process").

4.3.3 Except as otherwise provided in a Change Request (or the underlying Authorization Letter), Verizon may cancel or reschedule Change Requests for convenience, in whole or in part, by providing at least **** written notice to Supplier. Supplier shall promptly curtail all activities in respect of such Services in the Change Request. Except as otherwise provided in the Change Request (or the underlying Authorization Letter), Verizon's sole liability to Supplier under such cancelled Change Request will be the payment of all amounts due Supplier for work performed as supported by reasonable documentation through the effective date of cancellation. Where such work was to be paid on delivery of a Milestone or Deliverable, charges for such work shall be based on a time and materials basis calculated as number of hours

****CERTAIN INFORMATION HASBEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HASBEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS worked at $**** (no hours prior to the execution of such Change Request shall be included) for any work in progress, capped at **** of the payment due for such work in the applicable Change Request (or the underlying Authorization Letter) for such Milestone or Deliverable, unless other termination fees or charges are specified under such Authorization Letter (in which case such stated termination fees or charges shall be in lieu of any other partial payments).

4.4 Affiliates

An Affiliate that issues an Authorization Letter may enforce the terms and conditions of this Agreement with respect to any Software or Services purchased by such Affiliate as though it were a direct signatory to the Agreement. Default by one Affiliate shall not affect any other Affiliate party to this Agreement.

5. LICENSES

5.1.1 Supplier grants to Verizon and its Affiliates and to its and their employees, agents and contractors, a non-exclusive, irrevocable (other than for Verizon's uncured material breach), worldwide, license and right to Use and access the Platform, Services and, to the extent Software is provided to Verizon, an unlimited number of copies of any Software and any Documentation related thereto required for Use and access to the Platform as specified in an Authorization Letter during the Term, at the prices set forth in the applicable Authorization Letter. Where expressly permitted by an Authorization Letter, Software may be sublicensed by Verizon to its original equipment manufacturers ("OEMs"), customers and Indirect Channel Entities in accordance with the foregoing sentence.

5.1.2 Verizon shall also have the right, at no additional charge, to Use the Software by means of remote electronic access at locations other than the locations at which the Software is stored. Supplier also grants to Verizon the right to authorize Use of such license to its subcontractors, agents, contractors, outsourcing entities and others for use when performing services for Verizon; provided that Verizon shall remain responsible to any violation of the Agreement or any Authorization Letter by such parties. In addition, if Verizon transfers or assigns the Software to an Affiliate or a third party in connection with the provision or support of network services, then the license granted hereunder shall extend to such transferee or assignee. No such authorization, transfer or sublicense shall release Verizon from its obligations hereunder.

5.2 License Term

Except as otherwise set forth herein, the term of each license of Software granted under this Agreement or any Authorization Letter shall commence on the applicable delivery date, or such other date as set forth in an Authorization Letter, and shall remain in effect perpetually, or for such shorter term as set forth in an Authorization Letter, or until the Use of the Software, as it may have been updated or enhanced is permanently discontinued by Verizon, unless such license for Software is terminated in accordance with Section 17.

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5.3 Shrink-Wrap Licenses

Under no circumstances shall any Supplier shrink-wrap or click-wrap license be given any force or effect in connection with any Software and Verizon specifically rejects all such licenses. The Parties agree to replace the terms of such licenses with the terms of this Agreement or an Authorization Letter, if applicable.

5.4 Content Licenses

5.4.1 Verizon grants to Supplier a limited, nonexclusive, non-transferable, royalty-free license to Verizon Content to copy, store, display, transmit, distribute and sell Content solely for the purpose of providing Verizon Content via its Platform for Verizon's Data Service to Subscribers in accordance with the applicable Authorization Letter, expressly without the right of further sublicense of any of the foregoing. Nothing in this Section shall be interpreted as granting Supplier any greater rights or authorizations than are granted to Verizon pursuant to its licensing agreements with Content Providers. Supplier shall have no right to reproduce or sub-license, re-sell or otherwise distribute all or any portion of Verizon Content to any person in any form or any manner other than as necessary or appropriate in providing a Service or Software in accordance with the applicable Service Requirements. Except as otherwise agreed in writing, Supplier shall not receive, transmit, alter, copy, access, store, or otherwise use Verizon Content except for purposes of performing its obligations under an applicable Authorization Letter. Supplier shall protect all Verizon Content from unauthorized alteration, copying, access, storage, transmittal or use as required in this Agreement and as provided in the Service Requirements.

5.4.2 Supplier grants to Verizon a limited, nonexclusive, non-transferable license to Supplier Content to copy, store, display, transmit, distribute and sell Supplier Content solely for the purpose of providing Supplier Content through the Platform via a Data Service to Subscribers in accordance with an applicable Authorization Letter, expressly without the right of further sublicense of any of the foregoing. Nothing in this Section shall be interpreted as granting Verizon any greater rights or authorizations than are granted to Supplier pursuant to its licensing agreements with Content Providers. Verizon shall have no right to reproduce or sub-license, re-sell or otherwise distribute all or any portion of Supplier Content to any person in any form or any manner other than as necessary or appropriate in providing a Data Service in accordance with the applicable Service Requirements.

5.5 All rights and licenses granted under or pursuant to this Agreement or any Authorization Letter by Supplier to Verizon are, and shall otherwise be deemed to be, for the purposes of Section 365(n) of the United States Bankruptcy Code ("Code"), licenses to rights to "intellectual property" as defined in the Code. The Parties agree that Verizon, as licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the Code. The Parties further agree that, in the event of a bankruptcy proceeding by or against Supplier under the Code, Verizon shall be entitled to retain all of its rights (including all licenses) under this Agreement and/or any Authorization Letter. In the event of filing a petition for relief under the Code, Supplier shall assume or reject the Agreement within ****.

5.6 Catalog Apps

5.6.1 Additional License Terms

5.6.1.1 Supplier hereby grants to Verizon and its Affiliates and to its and their employees, agents and contractors, a non-exclusive license to: (i) copy, reproduce, display, submit for approval and perform all Apps on the applicable App Store Catalog, in object code format only; and (ii) exploit, use, distribute, transmit, and sublicense for download an unlimited number of copies of all such Apps to Subscribers, in object code format only, such that Subscribers may access and use the corresponding Data Service in accordance with the Agreement or an Authorization Letter.

5.6.1.2 With respect to each Apps submitted to the applicable App Store Catalog, the foregoing license shall commence on the date the App is submitted to the applicable App Store Catalog and will terminate on the earlier of (a) the date the App is removed from the applicable App Store Catalog, or (b) the date of termination of the applicable Authorization Letter. No such removal or termination will terminate a Subscriber's rights or licenses to continue to use those Apps that were downloaded by the Subscriber prior to such removal or termination. All rights not granted in this Agreement are hereby reserved by Supplier.

5.6.2 Developer

5.6.2.1 For each App, Supplier agrees and Verizon acknowledges that, unless otherwise required by the applicable App Store Owner or agreed between the Parties, for all purposes in connection with the submission of Apps to the applicable App Store Catalog, Supplier shall be the developer of the Apps and shall be bound by, and shall comply with, all applicable terms of the applicable App Store Developer Agreement (and any related submission policies made known to Supplier by the App Store Owner).

5.6.2.2 Removal by Supplier

Notwithstanding anything to the contrary contained in the App Store Developer Agreement, which may provide Supplier the ability to request the removal of any Apps from the App Store Catalog ,Supplier shall not, without Verizon's prior written consent, request that Apps be removed from the App Store Catalog. Upon such consent and removal, Supplier acknowledges and agrees that such removal will terminate the applicable Authorization Letter with respect to such App, and that the removal of any Catalog App from the App Store Catalog will not terminate a Subscriber's rights or licenses to continue to use such App if the App was downloaded by the Subscriber prior to removal. The foregoing shall not limit the ability of Supplier to replace or update an App for a given Wireless Device (eg: provide an update App to correct an Error).

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5.6.2.3 Removal by Verizon.

Verizon may at any time, at its sole discretion and for any reason, remove any App that is exclusively used for Verizon and provided under this Agreement from an App Store catalog and upon doing so will provide notice to Supplier. The removal of any App from the App Store Catalog will not terminate a Subscriber's rights or licenses to continue to use such App if the App was downloaded by the Subscriber prior to removal.

5.6.2.4 Direct Pay.

Except as expressly set forth in an Authorization Letter, the parties agree that all payments to Supplier for the download and/or use of Supplier's Apps shall come directly from Verizon and Supplier shall not be paid by an App Store Owner for any Apps downloaded from the App Store Catalog by Subscribers. The fees payable by Verizon to Supplier as set forth herein shall be in lieu of any and all amounts that would otherwise have been payable to Supplier by Qualcomm or Verizon under the Qualcomm App Store Developer Agreement.

5.6.2.5 Qualcomm - Establishing the DAP.

For each Apps that Supplier makes available on the Qualcomm App Store Catalog, Supplier must submit a pricing template(s), indicating the agreed upon Developer Application Price (DAP) for such Catalog App in accordance with the BREW Developer Agreement (the App Store Developer Agreement applicable to Qualcomm BREW applications). Supplier and Verizon may choose from time to time to discuss and negotiate a DAP for one or more such Qualcomm BREW Catalog Apps. If Supplier and Verizon negotiate a DAP for one or more such Qualcomm BREW Catalog Apps, Supplier must still submit a pricing template(s) for the Qualcomm BREW Catalog App(s) in accordance with the BREW Developer Agreement.

5.7 Limited License to Supplier APIs

5.7.1 (a) In addition to the license rights to the Software granted to Verizon hereunder, Supplier hereby grants to Verizon, subject to the terms and conditions of this Agreement, including payment of the fees as set forth therein or in an applicable SOW, if any, a perpetual, non-exclusive, limited right to use and sublicense Supplier's Solution API (as defined below) to those manufacturers of devices supported by the Solution and developers of software applications that reside and operate on devices supported by the associated Supplier Platform (each, a "Device Application Developer") solely to enable the App to interface and interoperate with the associated Supplier Platform and access and use the functionality of such Supplier Platform licensed from Supplier by Verizon solely for the benefit of Verizon's Subscribers. Such right includes the right for Device Application Developers to incorporate the Solution API into an interface of the Device Application and to support and maintain such interface subject to the limitations above.

(b) In addition, upon termination of this Agreement or the applicable Authorization Letter (other than for cause by Supplier), provided that such termination is not due to Verizon's breach of this Agreement, and Verizon has paid all fees due, including termination charges due, such license to the Solution API shall be extended to grant to Verizon the right to use and sublicense the Solution API to Device Application Developers solely to incorporate the Solution API into an interface of the Device Applications and support and maintain such interface with any service offering similar functionality to the associated Supplier Platform (and not solely to interface with the associated Supplier Platform) solely for the benefit of Verizon's Subscribers (including those Subscribers using the service offering similar functionality to the associated Supplier Platform referenced in this sentence). In all cases, Verizon shall inform Supplier in writing of any Device Application Developer to which Verizon Wireless has provided the Solution API. Verizon shall be liable for any breach by a Device Application Developer of any of the covenants and obligations of Verizon hereunder.

5.7.2 During the Term or Renewal Term, Verizon may provide written notice to Supplier that it wishes to use and sublicense the Solution API set forth in subsection 5.7.1 to Device Application Developers to incorporate the Solution API into an interface of the Device Applications and support and maintain such interface with any service offering similar functionality to the associated Supplier Platform (and not solely to interface with the Supplier Platform) solely for the benefit of Verizon Subscribers because (A) Supplier has been subject to credits for failure to meet any one service level set forth in an applicable Service Level Agreement for three (3) consecutive months where each such failure is subjected to a credit of at least $**** or (B) Supplier's Platform (or non-Platform Software supporting a Data Service) is not within Industry-Standards (solely from a technology basis including without limitation features and functionality) in some or all material respects and there is another service offering which Verizon wishes to use and that Verizon in good faith determines such service offering to address the "Industry Standards" issues identified in the affected Platform (or non-Platform Software supporting a Data Service). If such notice is pursuant to subsection (B) and Supplier fails to meet such "Industry Standards" in all material respects within a reasonable period after the receipt of such notice but no later than the production release date of the next feature release of the Platform (or non-Platform Software supporting a Data Service) that will reasonably accommodate any industry standard issues that may arise or which the content of such feature release has not yet been finalized, then such license shall be so extended as set forth herein. For the avoidance of doubt, in the event of the extension of the license to the Solution API as described above, this shall not release Verizon of any of its other obligations under this Agreement, including but not limited any payment obligations and Supplier has the right to immediately rescind such license in the event of any uncured material breach by Verizon under this Agreement. In the event that Verizon does not give notice of its exercise of the right hereunder to Supplier within **** of the trigger of such right, Verizon shall have been deemed to waive such right with respect to such triggering event.

5.7.3 Verizon shall enter into an agreement with each Device Application Developer whereby such Device Application Developer (i) agrees to keep the Solution API and any Supplier information confidential, and (ii) disclaims all liability of Supplier with respect to the Solution API.

5.7.4 Supplier shall have no obligation to provide any maintenance or technical or product support to any Device Application Developer in the event of Section 5.7.1(b) or 5.7.2 above. Any such support provided to Verizon on behalf of a Device Application Developer or to any Device Application Developer shall be subject to additional professional service charges from Supplier as agreed upon in a Change Order. Neither Verizon nor any Device Application Developer shall have any ownership right to the Solution API.

5.7.5 Definitions. As used herein:

5.7.5.1 "Solution API" means the application programming interfaces ("API") to the Supplier Software or Platform and related documentation.

5.7.5.2 "Device Application" means a Verizon or Device Application Developer product or software application intended for installation and use on a device (such as tablet or smart phone) that incorporates the Solution API therein, which is designed for, and usable, in strict accordance within the terms of this Agreement. The Device Application is distributed to the Subscriber of the applicable device.

6. OVERALL PERFORMANCE REQUIREMENT

Supplier represents, warrants and agrees that it has the responsibility, duty and obligation to provide, perform, and deliver, to the extent set forth herein, the Services and/or Software described in any Authorization Letter(s) pursuant to this Agreement and Supplier further agrees and acknowledges:

6.1 that it recognizes that the Software and Services which are to be provided under this Agreement must be delivered in compliance with the scheduled dates and requirements set forth in the Authorization Letter(s) and perform in compliance with the Specifications; and

6.2 that Supplier has and will maintain an organization staffed by qualified personnel, including "key personnel," with the knowledge, skill and resources to perform and complete the work and that there are and will be no commitments, legal, contractual or otherwise that are in conflict with Supplier's obligations under this Agreement and applicable Authorization Letter.

7. HOSTING

7.1 Upon acceptance of an Authorization Letter which includes Hosting Services, Supplier shall provide, install, maintain and support a Platform, including all necessary hardware, software, and services for the deployment, integration (to the extent indicated in an Authorization Letter), maintenance and management of the Platform or Software as described in the applicable Authorization Letter and shall provide such Hosting Service to Verizon in compliance with the Security Requirements set forth in Exhibit C hereto (as may be modified or supplemented in an Authorization Letter) and the applicable Authorization Letter, including all attachments thereto.

7.2 In the event Verizon elects to terminate the Hosting Service only (such date of termination, the "Hosting Termination Date"), and either internally provide and operate through its own equipment and facilities, or provide and operate through the equipment and facilities of its third party vendor, all or any part of such Hosting Service. In the event Verizon elects to terminate the Hosting Services as described above (or the Agreement or applicable SOW terminates or expires for any reason) and subject to payment by Verizon of any applicable fees for early termination of Hosting Services as set forth in an Authorization Letter:

7.2.1 Supplier shall provide Verizon, or its third party vendor, reasonable assistance in completing the transition to the internal operation of the Hosting Services by Verizon; and

7.2.2 Supplier or its successors in interest shall furnish to Verizon or its designee that is not a competitor of Supplier, the following documentation and information related to Hosting Services: (1) documentation regarding system, database and storage administration; (2) features and technical specifications for the hosting environment; (3) detailed equipment and software configurations for servers, storage, communications and other systems supporting the Hosting Services; (4) installation and testing procedures; (5) operations and provisioning procedures; (6) maintenance procedures and diagnostics; and (7) such other documentation the parties agree is reasonably necessary to support the Hosting Services. Verizon or its designee shall use such information and documentation solely to the extent necessary to support the Hosting Services. Such information and documentation shall be provided pursuant to a mutually agreeable statement of work, which shall set forth the specific tasks to be undertaken by Supplier in connection with such transition, the fees to be paid by Verizon therefor, and the time period for completing such transition; and

7.2.3 Verizon shall have the option, to purchase from Supplier such equipment elements used by Supplier to provide the Hosting Service, to the extent they are (i) owned by Supplier and no third party limitation or restriction prohibits such purchase, (ii) dedicated to the Hosting Services and not shared or used by any other customer of Supplier and (iii) reasonably necessary or appropriate to provide the Hosting Services internally or through the facilities of its third party vendor; and

7.2.4 The rights and obligations of the Parties under the provisions of this Section 7.2, and solely to the extent that they relate to the Hosting Service all other terms, Exhibits and addenda, shall terminate effective as of the Hosting Termination Date, provided that any obligation on the part of Verizon including the obligation to pay any Fees, in respect of the Hosting Service for periods prior to the Hosting Termination Date, and any applicable early termination charges as set forth in the Authorization Letter, shall survive the Hosting Termination Date. In addition, the respective obligations of the Parties relating to the Hosting Service that by their nature would continue beyond the Hosting Termination Date, including but not limited to the obligations to indemnify, maintain confidentiality, maintain records and permit audits, shall survive the Hosting Termination Date with respect to the Hosting Service.

8. DEVELOPMENT SERVICES

8.1 Custom Software Development/Paid Work Product

Supplier will design, develop, document, test and deliver the Custom Software or Paid Work Product identified in an Authorization Letter in accordance with the Service Requirements, Milestones and other terms of that Authorization Letter. Supplier shall comply with Verizon's reasonable requests for changes to the Service Requirements that do not, either individually or in the aggregate, require more time, cost or effort from Supplier.

8.2 Background Materials

Supplier will not include any Background Materials in the Custom Software or Paid Work Product without Verizon's prior written consent (an express identification of such Background Materials within the applicable Authorization Letter shall be acceptable as Verizon's consent for such purpose). For all Background Material used or included in Custom Software or Paid Work Product, Supplier grants to Verizon a royalty free, non-exclusive transferable, sublicensable irrevocable worldwide license to Use such Background Material except as set forth in an Authorization Letter. As used herein, to Use the Background Material means to use, display, perform, modify, enhance, reproduce and make derivative works for any purpose.

8.3 Status of Information

Supplier shall allow personnel of Verizon to visit Supplier's place of business at reasonable times to discuss and inspect the status of the development of the Custom Software or Paid Work Product upon prior written notice and provided such visit does not adversely affect or interfere with such development. In addition, appropriate personnel of the Parties will meet at least weekly during the course of development to review the status of the development of the Custom Software or Paid Work Product.

8.4 Documentation

Documentation for Custom Software shall be provided in a machine-readable format unless another format is agreed to by Verizon. Documentation shall comply with commonly accepted industry standards with respect to content, size, legibility and reproducibility, and shall include without limitation the following, as applicable: (i) administration; (ii) features and technical specifications; (iii) detailed engineering and circuit design; (iv) installation and testing criteria; (v) operations, provisioning and translations; (vi) maintenance and diagnostics; and (vii) other documentation deemed necessary by the parties to support the installation, acceptance testing, administration, maintenance, engineering and operation of the Custom Software, and the full exercise of the ownership rights, if any, herein acquired by Verizon.

9. SECURITY

9.1 Supplier shall put in place and shall maintain physical and electronic measures and operational procedures to protect the security of each Platform, and Software in compliance with the security requirements as set forth in Exhibit C hereto as such may be supplemented or modified in the applicable Authorization Letter.

9.2 Verizon, at its sole cost, may conduct reasonable Security Audits of a Platform or Software and related facilities of Supplier used in connection with Supplier's performance of any Services (a "Security Audit"). Such Security Audit shall be performed by Verizon itself or on its behalf by a reputable security audit company selected by Verizon at mutually agreed upon times upon reasonable notice and subject to such company agreeing in writing with Verizon to the protection of any Supplier confidential information and provided that such Security Audit does not adversely impact Supplier or any services provided by Supplier to any other customer.

9.3 Each Party shall be entitled to receive a copy of any initial or final written report or recommendations resulting from any Security Audit and, unless Supplier disputes such recommendation on the grounds its implementation would not be in accordance with industry standards applicable to providers of service or software comparable to the Services and Software, Supplier shall promptly implement such recommendations.

10. ADDITIONAL REQUIREMENTS

10.1 Service Level Agreement

Supplier shall comply with all terms of the Service Level Agreement attached to the applicable Authorization Letter.

10.2 Disaster Recovery

10.2.1 Supplier's Disaster Recovery Plan is attached hereto as Exhibit D. Supplier shall exercise such plan on no less than an annual basis.

10.2.2 Supplier shall update the Disaster Recovery Plan as reasonably necessary during the Term to include a list of all hardware, software and communications facilities and services used by Supplier to provide the Hosting Service. Verizon shall have the right to reasonably audit Supplier's compliance at reasonable times as Verizon deems necessary provided such audit does not adversely impact Supplier or any services provided by Supplier to any other customer. Verizon's review of any changes to the Disaster Recovery Plan shall not in any way alter or waive any of Suppliers duties, obligations, representations or warranties under this Agreement.

10.3 Training

Upon request from Verizon, Supplier shall provide training outlined in the applicable Authorization Letter upon the terms set forth in such applicable Authorization Letter. Verizon shall have the right to duplicate or reproduce (including any markings as to confidentiality and copyrights), for internal usage only, any of the training materials at no additional cost.

10.4 Branding

Unless otherwise stated in the applicable Authorization Letter, nothing in this Agreement shall be construed to limit or restrict Verizon's rights to market and have marketed a Data Service or Software as Verizon determines, using Verizon own Trademarks or the Trademarks of one or more Indirect Channel Entities; provided Verizon does not remove any applicable copyrights.

10.5 International Roaming Access

All Software and Services are intended to be used to enable Verizon to provide the Data Service to Subscribers who are customers purchasing Verizon Services in the United States. However, Supplier acknowledges and agrees that Verizon may, in its sole discretion, enable Subscribers to access and use a Data Service using Wireless Devices while roaming outside the United States pursuant to international data roaming agreements that Verizon may enter into with other wireless carriers.

11. FEES/PAYMENT

11.1 Pricing

During the Term of this Agreement, Verizon shall pay Supplier for Service and/or Software in accordance with each applicable Authorization Letter. All payments are due in U.S. Dollars. All charges to Verizon for Services or Software are as set forth in each applicable Authorization Letter or, for modifications to a Service or Software, in a Change Request.

11.2 Improvements

Supplier and Verizon shall continue to identify areas for Supplier's continuous improvement in cost, quality and service over the term of the Agreement.

Supplier shall afford Verizon the ability to realize the benefit of such improvements, including price reductions to the extent the Parties mutually agree in a Change Request. Furthermore, a list of continuous improvement initiatives shall be created by the Parties. Unless otherwise set forth in this Agreement, Supplier and Verizon will meet, upon Verizon's reasonable request, to assess opportunities to implement potential continuous improvement initiatives, such initiatives to be mutually agreed to by the parties in a Change Request.

11.3 Invoices

Unless otherwise specified in an Authorization Letter , Supplier shall render invoices following the date of initial Acceptance as set forth in Section 14; provided, however, where payment is not expressly contingent on Acceptance or where payment is on a per-subscriber basis, no Acceptance shall be required. Invoices for charges specified in an Authorization Letter shall be submitted by Supplier to the address specified in the Authorization Letter. Invoices shall include, as appropriate, without limitation (i) Authorization Letter number; (ii) description of Software and Services provided; (iii) ship-to name and address; (iv) delivery method (i.e., electronic or physical); (v) date of delivery (vi) quantity shipped and billed or quantity of service units performed and billed; (vii) maintenance service details; (viii) net unit cost; (ix) discounts applied; (x) net invoice amount; (xi) contract information for invoice disputes; and such other details as Verizon may reasonably request.

11.4 Payment Terms

Verizon shall remit payment to Supplier within **** of Verizon's receipt of Supplier's undisputed invoice, unless otherwise set forth in the applicable Authorization Letter; provided, however, if Verizon disputes any charge shown on a Supplier invoice, Verizon shall notify Supplier in writing of such dispute, and shall pay when due, any undisputed amounts. Supplier will provide Verizon with notice of any nonpayment if any. Upon request, Verizon will provide reasonable support for such dispute.

11.5 Electronic Payments

At Verizon's option Supplier will do the following: Verizon may, at no additional cost to Verizon, require Supplier to accept purchase orders and submit invoices via Verizon's electronic payment system; provided that Supplier is not charged for the use or access of such system. Any terms or conditions associated with the use of the electronic payment system shall be negotiated directly between the Supplier and the electronic payment system provider. Transactions under this Agreement using the electronic payment system shall be governed by the terms and conditions of this Agreement.

11.6 Right of Set Off

Verizon shall be entitled to set off any amount Supplier owes Verizon against amounts payable under this or any other Agreement. Payment by Verizon shall not result in a waiver of any of its rights under this Agreement. Verizon shall not be obligated to pay Supplier for Services that are not fully and properly invoiced.

11.7 Charges to Subscribers.

Supplier acknowledges and agrees that the fees charged by Verizon to Subscribers for their use of the Data Service or Verizon Network needed to download the Software required for a Data Service, as well as the fees charged Subscribers for downloading the Software, will be determined by Verizon in its sole discretion. Supplier also acknowledges and agrees that Verizon alone will be responsible for billing Subscribers, as well as for all associated collection activity, for such fees.

12. RECORDS AND REPORTS

12.1 Supplier shall allow Verizon and its authorized agents and representatives to audit Supplier's records (in whatever form kept) to verify Supplier's compliance with all provisions of this Agreement provided such agents and representatives agree with Verizon to keep any such information confidential. At Verizon's request, the auditor shall have access to Supplier's records at reasonable times during the Term and during periods in which Supplier is required to maintain records with not less than ten (10) days prior written notice to Supplier and provided that the timing of such audit does not adversely affect Supplier or its personnel. Supplier shall maintain complete records of all charges payable by Verizon under the terms of this Agreement for the later of three (3) years after termination of the Agreement and any additional period of applicability of the Agreement to an Authorization Letter placed prior to termination. Such records shall specifically include, but are not limited to, timesheets. All such records shall be maintained in accordance with recognized accounting practices. The correctness of Supplier's billing shall be evaluated by such audits. Unless such results are reasonably disputed by Supplier in accordance with Section 39, prompt adjustments shall be made to compensate for any errors or omissions disclosed by such review or examination. If such review or examination determines that Verizon has made an overpayment in excess of seven and one-half percent (7.5%) of the amount properly due, then Supplier shall reimburse Verizon for the entire reasonable cost and expense of such review and examination. From time to time, Verizon may request Supplier to provide an Export Control Classification Number (ECCN) for products, software, reports, technology or technical data licensed, purchased or available for license or purchase under this Agreement to the extent applicable. Supplier agrees to promptly, and without additional cost to Verizon, comply with any such requests.

12.2 If Supplier is itself a Certified Minority, Woman, Service Disabled Veteran and Person with Disability Owned and Controlled Business Enterprises (MWDVBE), as defined herein, Supplier shall retain its MWDVBE certification through the term of this Agreement. If there is a change in Supplier's certification status, Supplier shall notify Verizon, in writing, within five (5) business days of the date of such change. If the Supplier is not itself a Certified Minority, Woman, Service Disabled Veteran and Person with Disability Owned and Controlled Business Enterprises (MWDVBE), then with respect to the Supplier's compliance (as the Primary Supplier) with Minority, Woman, Service Disabled Veteran and Person with Disability-Owned Business Enterprises (MWDVBE) Utilization, Supplier agrees to maintain a plan to provide opportunities for Certified MWDVBE suppliers and use commercially reasonable efforts, to the extent consistent with the terms, pricing and requirements of any SOW under this Agreement to meet the requirements set forth in Exhibit E, Compliance with Certified Minority, Woman, Service-Disabled Veteran and Person with Disability-Owned and Controlled Business Enterprises (MWDVBE) Utilization. For purposes of this Section, the definitions set forth in Exhibit E shall apply. For the avoidance of doubt, failure to meet the requirements set forth in Exhibit E shall not be deemed a breach of this Agreement, so long as commercially reasonable efforts were made.

13. DELIVERY

13.1 Supplier shall make Services and Software available to Verizon no later than the date mutually agreed to in the applicable Authorization Letter (the "Delivery Dates"); provided that if Supplier misses a Delivery Date due to the failure of Verizon or its agents, representatives or contractors to reasonably meet express dependencies contained in an applicable Authorization Letter, the parties will discuss whether such Delivery Date shall be extended accordingly; provided, however, in each case, Supplier shall have no liability for such delay in the event such Delivery Date is missed due to such Verizon failure. Notwithstanding such Delivery Dates, Verizon shall have the right to determine the Commercial Service Date for a Data Service in its sole discretion.

13.2 Packaging

Software (where delivery in other than electronic format is specified in an Authorization Letter) shall be packaged for shipment, at no additional charge, in commercially suitable containers, consistent with all applicable laws that provide protection against damage during the shipment, handling and storage of the Software as specified in an Authorization Letter.

13.3 Risk of Loss

Supplier shall bear the risk of loss of or damage to the Software until receipt of such Software specified in an Authorization Letter. Supplier shall promptly replace such Software when media on which it is shipped is lost or damaged at no additional charge.

14. TESTING, EVALUATION AND APPROVAL

14.1 Acceptance

14.1.1 All Software and Services shall be subject to inspection and Acceptance by Verizon after delivery of the Software and/or Services to determine conformity with this Agreement, the applicable Authorization Letter and Service Requirements, as applicable, and any applicable criteria for Acceptance. If delivery of Software will be made in a series of deliverables based on Milestones, then each such deliverable shall be inspected and Accepted individually, and the procedures, obligations and other terms of this Section shall apply to each deliverable. Inspection or failure to inspect on any occasion shall not affect Verizon's rights under the warranty provisions of this Agreement or any other rights or remedies available to Verizon. Verizon's right to inspect and test does not relieve

Supplier from its testing, inspection and quality control obligations. Unless an alternative Acceptance mechanism or deemed Acceptance procedure is specified in an Authorization Letter and except as provided under Section 14.1.5, Statement of Work or elsewhere in this Agreement, Software and Services shall not be deemed Accepted unless such Acceptance is in writing.

14.1.2 Except as set forth in an Authorization Letter, Verizon shall have a period of **** following delivery of the Software and/or Service within which to test the Software and/or Service for conformity with this Agreement, the applicable Authorization Letter and Verizon Service Requirements, as applicable, and any applicable criteria for Acceptance. If the Software and/or Service fails to so conform, Verizon may, provide written notice (email shall be acceptable for this purpose) to Supplier rejecting such Software and/or Service. Following such notification, Supplier shall use commercial reasonable efforts, within ****, at Supplier's risk and expense, to correct all deficiencies by repairing or replacing any non-conforming Software. If, after the cure period, the Software and/or Service still fails to perform in accordance with the applicable criteria for Acceptance and Supplier is not able to correct such deficiency, it shall require that Verizon return the impacted Software and/or Service to Supplier at Supplier's expense.

14.1.3 If such Software and/or Service is rejected above, any one-time amounts paid to Supplier by Verizon specifically for the impacted Software release and/or Service milestone shall be refunded to Verizon within **** after return of the impacted Software and/or Service; provided, however, in no event shall this provision apply to a refund of any transaction fees related to the Platform. The purchase price for such Software and/or Service also shall be credited against any future volume commitments or applied for evaluation of attainment of volume discounts under this Agreement applicable to such Software and/or Service.

14.1.4 Verizon has the right to subject the initial release of the Software and/or Service, and each subsequent Software release containing new functionality or enhancements intended for commercial production, to an operational soak period as part of the Acceptance testing. Soak period means using the Software and/or Service in a productive operation mode for ****. If the Software and/or Service does not perform according to the Service Requirements during the soak period, Supplier, at no additional charge, shall provide technical support personnel, to perform tuning services in order to meet the Service Requirements. If such tuning efforts are unsuccessful (i.e., the Software or Service will not perform to Service Requirements) after a reasonable period of time, in addition to its other remedies at law, equity or under this Agreement, (i) Verizon may return the Software release which was subjected to the soak period, and Supplier shall refund all monies paid for the applicable Software or Service release that was subjected to the soak period (provided, however, in no event shall this provision apply to a refund of any transaction fees related to the Platform) or (ii) Verizon, retaining all rights and remedies including those under (i), may extend the soak period and tuning-related services until such time as Verizon agrees is required for the Software and/or Service, as the case may be, to meet the Service Requirements.

14.1.5 If the Software and/or Service successfully passes Acceptance testing (including the operational soak period) Verizon shall timely issue its written notice that the Software and/or Service has successfully completed such test procedures and Acceptance; provided, however if no notice is provided by Verizon within the applicable period, such Software and/or Service shall be deemed accepted.

14.2 <u>Nonconformance After Commercial Service Date</u>

After Commercial Service Date and Acceptance, if a Service or Software does not conform to the Service Requirements, Verizon shall be entitled to the remedies set forth in the applicable Service Level Agreement.

15. REPRESENTATIONS AND WARRANTIES

Supplier represents and warrants that:

15.1 In performing Services and providing Software, Supplier will comply with the descriptions and representations which appear herein and in the applicable Service Requirements which shall include, with respect to any Apps, the App Store Developer Agreement applicable with respect to such App. Without limiting the preceding sentence, or the applicable Service Level Agreement, Supplier agrees to disclose and report all Unscheduled Outages, as defined in the applicable Service Level Agreement, in accordance with such Service Level Agreement and acknowledges that its failure to do so may degrade service that Verizon may be obligated to provide Subscribers, may cause adverse publicity regarding the Verizon Service, or jeopardize the security of the Verizon Network.

15.2 Its employees will perform Services in accordance with all applicable laws, codes, ordinances, orders, rules and regulations of local, state, and federal governments and agencies and instrumentalities, including, but not limited to, applicable wage and hour, economic and trade sanctions, bribery of foreign officials, safety and environmental laws, and all applicable standards and regulations of appropriate regulatory commissions and similar agencies.

15.3 All Services and Software furnished by Supplier shall be performed and provided (i) in a diligent, efficient and skillful manner, and (ii) in accordance with industry standards in the field.

15.4 All Software and Custom Software furnished by Supplier shall be free of Errors for a period of **** (or such greater period referenced in an Authorization Letter) following Acceptance of such Software or Custom Software. If within **** (or such aforementioned greater period) from the Acceptance of Software and/or Custom Software any Error exists or arises, then, in each such case, upon receipt of written notice of such Error from Verizon, Supplier will use commercial reasonable efforts to repair or remedy such Error at Supplier's sole cost and expense

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

15.5 Supplier, including its employees, agents and contractors, has obtained and will maintain for the Term of this Agreement, any Permits (as such term is defined in Section 30) reasonably necessary for the performance of Services.

15.6 Supplier owns the Software and Background Materials (other than third party components of the Software) and has the right to license the same to Verizon under the terms of this Agreement. As to Software and Background Materials to which Supplier does not have title, Supplier represents and warrants that it has rights in the Software and Background Materials sufficient to permit the license of the Software to Verizon and that Software has full right, power and authority to license the Software and Background Materials and other rights granted hereunder to Verizon.

15.7 Services and Software provided or performed by Supplier under this Agreement do not and will not give rise to or result in any infringement or misappropriation of any third party patent, copyright, trade secret, or any violation of any other intellectual property right of any third party.

15.8 <u>Forward and Backward Compatibility</u>

Except as set forth in an Authorization Letter, Supplier represents and warrants that, for a period of **** following the commercial release of any new supported Wireless Device (such timeframe with respect to each release, the "Rolling Window"), new versions of Software other than Custom Software with respect to which Verizon has waived in writing Supplier's obligations under this Section 15.8 (Verizon acknowledges that execution of an SOW that expressly excludes support for Custom Software shall be deemed such waiver and Custom Software may require additional fees to maintain compatibility as provided in an applicable Authorization Letter), shall be forward and backward compatible, contain materially similar functionality to and be substantially compatible with such Wireless Device and their operating environment(s). If set forth in an Authorization Letter, new versions of Software, that do not otherwise compromise or break the functionality of the Software on Wireless Devices released prior to the Rolling Window, are not required to incorporate all new incremental feature enhancements contained in such new Software release. The Rolling Window shall apply to any Wireless Device commercially released after **** and supported by the Platform. In the event Supplier deploys a server side Software change that causes Supplier to breach the above warranty in this Section 15.8 with respect to Wireless Device client Software, Supplier shall upgrade the Software used on the affected Wireless Device at no additional fee, provided Verizon is current on its Maintenance payments.

15.9 <u>No Viruses</u>

15.9.1 Supplier represents and warrants to Verizon that Software does not contain or will not contain any Self-Help Code or any Unauthorized Code. Supplier shall remove promptly any such Self-Help Code or Unauthorized Code in the Software of which it is notified or may discover.

15.9.2 Supplier also represents and warrants that there are no copy protections or similar mechanisms within the Software, which will, either now or in the future, interfere with the grants made in this Agreement. Furthermore, Supplier represents and warrants that unless otherwise noted in the applicable Documentation or (a) requested in writing by Verizon and Verizon approves Supplier's response, or (b) Supplier advises Verizon in writing that it is necessary to perform valid duties under this Agreement and authorized in writing by Verizon, Software shall not: (i) contain hidden malicious files; (ii) replicate, transmit or activate itself without control of an authorized person operating computer equipment on which it resides; (iii) alter, damage or erase any data or computer programs without control of an authorized person operating the computer equipment on which it resides; and (iv) contain no encrypted imbedded key, node lock, time out or other function, whether implemented by electronic, mechanical or other means, which restricts or may restrict Use or access to any programs or data developed under this Agreement, based on residency on a specific hardware configuration, frequency or duration of Use, or other limiting criteria (collectively "Illicit Code"). Should any Software be found by Verizon or Supplier to contain Illicit Code, Supplier shall immediately commence the removal, at Supplier's sole cost, of such Illicit Code. Notwithstanding anything elsewhere in this Agreement to the contrary, In the event that Verizon or any Subscriber has been damaged in any material respect by the access or use of such Illicit Code, or if Supplier activates such Illicit Code at any time, Supplier shall be in default of this Agreement, and no cure period shall apply. It is agreed that a breach of the above representation and warranty may cause irreparable harm and injury and Verizon shall be entitled, in addition to any other rights and remedies it may have at law or in equity, to seek an injunction enjoining and restraining Supplier from doing or continuing to do any such act and any other violations or threatened violations of the Agreement. In addition to any other remedies available to it under this Agreement, Verizon reserves the right to pursue any civil and/or criminal penalties available to it against the Supplier.

15.10 Offshore Restrictions

15.10.1 Except with Verizon's advance written consent, in no event shall Confidential Information regarding or pertaining to Verizon's systems, infrastructure, employees, or customers be stored, transmitted, or accessed at, in, through or from a site located outside the United States nor made available to any person who is located outside the United States unless such Confidential Information relates solely, directly and independently (i) to Verizon employees or customers located outside of the United States, or (ii) to voice or data communications of Verizon or its customers that originate and terminate outside the United States, or (iii) to Verizon systems and/or infrastructure dedicated to the provision of Verizon's voice or data services outside the United States or, (iv) to be otherwise necessary for storage or access outside the United States in connection with security, back-up, disaster recovery, or related purposes as required by Verizon services specifications, security and/or technical requirements. This subsection shall not apply to Verizon Wireless Customer Data which shall be solely governed by the provisions of Subsection 15.10.3.

15.10.2 Exceptions to 15.10.1 above will be granted, in Verizon's sole discretion, (i) in writing; (ii) on a project-specific or statement-of-work-specific basis; (iii) following a review of the particular project or statement of work in accordance with the policies of the relevant Verizon business unit governing the placement of work with resources located outside the United States; (iv) subject to any conditions imposed by Verizon on the access to systems or data by such resources as a result of such review; and (v) in advance of the commencement of any work by such resources on the relevant project or statement of work.

15.10.3 Notwithstanding subsection 15.10.1and 15.10.2 above, unless Supplier secures Verizon Wireless' further, prior written consent, in no event (i) shall Supplier provide, direct, control, supervise, or manage any voice or data communication of Verizon Wireless customers that occurs between United States locations (or the United States portion of any international communication that may originate or terminate within the United States) from a location outside of the United States, nor (ii) shall Verizon Wireless Customer Data be stored, transmitted, or accessed by Supplier, from, at, in, or through a site located outside the United Stated without Verizon Wireless' prior written consent. "Verizon Wireless Customer Data" shall include (a) any subscriber information, including, without limitation, name, address, telephone phone number or other personal information of the Verizon Wireless subscriber; (b) any call-associated data, including without limitation, the telephone number, internet address or other similar identifying designator associated with a communication; (c) any billing records; (d) the time, date, size, duration of a communication or physical location of equipment used in connection with a communication; or (e) the content of any Verizon Wireless customer communication. This section is not intended to limit Subscriber's access to Data Services from outside of the United States as permitted pursuant to Section 10.5, and Supplier shall not be in breach of this Section due to such permitted international roaming by Subscribers.

15.10.4 Nothing in this Section is intended to nor shall it operate in derogation of any requirement imposed on Verizon by a governmental body or agency outside the United States.

15.11 Supplier shall remove from the project, at Verizon's request, any person furnished by Supplier who, in Verizon's reasonable opinion, is incapable, uncooperative or otherwise unacceptable in the execution of the services to be provided under this Agreement; provided compliance with such request does not violate any law or regulation.

15.12 Warranty Disclaimer.

EXCEPT FOR THOSE WARRANTIES EXPRESSLY STATED IN THE AGREEMENT OR APPLICABLE AUTHORIZATION LETTER, SUPPLIER HEREBY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE PLATFORM, SOFTWARE AND SERVICES INCLUDING, WITHOUT LIMITATION, ALL

IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, QUIET ENJOYMENT, ACCURACY, INTEGRATION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM ANY COURSE OF DEALING, COURSE OF PERFORMANCE OR USAGE OF TRADE.

16. ESCROW

16.1 Maintenance of Escrow Agreement.

Promptly after the Effective Date, Supplier shall enter into an Escrow Agreement with an escrow agent approved by Verizon in writing (the "Escrow Agent") to secure Verizon's rights hereunder and to be effective as of the Effective Date (the "Escrow Agreement"), such Escrow Agreement to be approved by Verizon. The Escrow Agreement shall be an agreement separate from, but supplemental to, this Agreement. Such Escrow Agreement shall be established and maintained for the benefit of Verizon and its Affiliates, and should such Escrow Agreement terminate or otherwise expire during the Term, the Parties shall immediately enter into a new Escrow Agreement with an independent escrow agent mutually satisfactory to Supplier and Verizon in accordance with the provisions of this Section 16.

16.2 Escrow Deposits.

Upon execution of the Escrow Agreement, Supplier shall deposit copies of the then-current Escrow Materials to the escrow service provider, subject to the terms and conditions of the Escrow Agreement, which deposit shall be promptly and routinely supplemented by Supplier and otherwise kept current so as to accurately reflect the Source Code for the then current version of the Software under license to Verizon (including Releases or Updates provided to Verizon hereunder as well as any other material upgrade or modification of or enhancement thereto), and the same shall be part of the Escrow Materials. Supplier shall designate a mutually acceptable neutral third party who, at the expense and request of Verizon made from time to time, shall audit the materials deposited with the escrow agent for purposes of determining whether Supplier has fulfilled its deposit obligations. Supplier will promptly correct any deficiency disclosed by the audit.

16.3 Release Conditions.

Release of the Escrow Materials to Verizon shall be granted on the terms and conditions (including for notice and redeposit) set forth in the Escrow Agreement and as otherwise set forth herein, but in any event whenever:

16.3.1 Supplier indicates to Verizon that it is reasonably likely to materially breach this Agreement with respect to the continued provision of Maintenance Services or other maintenance and/or support expressly required by this Agreement and the same is not remedied within **** after written notice from Verizon;

16.3.2 Supplier applies for or consents to the appointment of or the taking of possession by a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property; makes a general assignment for the benefit of creditors; commences a voluntary case under the Federal Bankruptcy Code or fails to contest in a timely or appropriate manner or acquiesces in writing to any petition filed against it in an involuntary case under such Bankruptcy Code or any application filed against it for the appointment of a receiver, custodian or trustee or for the reorganization, dissolution or liquidation of itself or all or a substantial part of its property.

16.4 License.

Unless other release license rights are specified in an applicable Authorization Letter, in the event of a release of the Escrow Materials to Verizon pursuant to the Escrow Agreement, Supplier shall be deemed to have granted to Verizon a non-transferable, non-exclusive, perpetual, irrevocable, enterprise wide, worldwide license and right to Use and modify the released Software and Source Materials and to create derivative works thereof under the terms and conditions of this Agreement solely to continue to support the Software consistent with the Maintenance and Support provided under this Agreement, subject to Verizon's payment of the applicable fees set forth below. The Parties agree that any use by Verizon of any Escrow Materials pursuant to this Agreement and/or any Escrow Agreement will be subject to (a) payment by Verizon of any License Fees set forth in an Authorization Letter less the component of such fees attributable to maintenance and support equal to **** of such License Fees plus an amount attributable to added requirements of Verizon equal to **** of such License Fees (collectively a reduction of **** of such License Fees) and (b) all of the terms, restrictions and conditions of the Agreement, as amended and the following conditions and obligations: Verizon will (i) treat the source code (and those Escrow Materials that would otherwise be Confidential Information) as Confidential Information; (ii) use password protection to limit access to source code to authorized employees, agents and contractors of Verizon who require access to perform their duties under this Agreement, as amended; and (iii) make no copies of the source code in machine-readable or human-readable form except as reasonably required to perform the activities permitted under this Agreement. Upon such Release Condition, Supplier shall have no further obligation for maintenance and support of such Software or providing Hosting Services. Notwithstanding the foregoing, the fees set forth in (a) above for use of the Escrow Materials shall not apply in the event of a termination of this Agreement by Verizon due to a material breach by Supplier. Should Verizon's Use of the Source Materials involve Use or copying of copyrighted material or the practice of any invention covered by a patent, Supplier shall not assert such copyright, patent or other right in intellectual property against Verizon.

16.5 Bankruptcy.

The obligations of Supplier under this Section 16 (Source Code Escrow) shall extend to any trustee in bankruptcy, receiver, administrator or liquidator appointed for Supplier, to Supplier as debtor-in-possession (collectively, the "Trustee") and to any other successor in interest to Supplier. Without limiting the generality of the foregoing, upon written request of Verizon, Supplier shall not interfere with the rights of Verizon as provided in this Agreement or the Escrow

Agreement to obtain the Escrow Materials from the Trustee, the escrowee or any other person or entity having possession thereof, and shall, if requested under the conditions specified in the Escrow Agreement for release of the Escrow Materials, cause a copy of such Escrow Materials to be made available to Verizon. Notwithstanding anything in this Agreement to the contrary, Verizon reserves all rights available to it under Section 365(n) of the Federal Bankruptcy Code, 11 U.S.C. § 365(n) or any equivalent or successor provision thereto and such rights as may be available under other applicable laws.

16.6 Dispute Resolution.

Supplier may dispute in good faith the existence of the release conditions described in Section 16.3 and such disputes will be subject to final and binding arbitration by a three-arbitrator panel wherein each party shall select an arbitrator, and those two arbitrators shall jointly select a third, and the panel's written decision must be provided within **** of the date such arbitration claim is submitted. The panel will be required to furnish, promptly upon conclusion of the arbitration, a written decision, setting out the reasons for the decision. The arbitration decision will be final and binding on the Parties, and the decision may be enforced by either Party in any court of competent jurisdiction. The arbitration will be conducted in New York, NY under the then current Commercial Dispute Resolution procedures of the American Arbitration Association ("AAA"). Each Party will bear its own expenses and an equal share of the expenses of the third arbitrator and the fees, if any, of the AAA, unless the arbitrator rules otherwise as detailed above. The effectiveness of the license described in Section 16.4 (and any release of the Escrow Materials) shall be delayed until such disputes are resolved in Verizon's favor by the arbitrator/panel.

16.7 Survival.

The obligations set forth in this Section shall survive and remain in effect until the later of (i) all obligations of Supplier to provide maintenance and support for the Software to Verizon, including to provide Maintenance Services, whether pursuant to this Agreement or after the expiration or termination of this Agreement, or (ii) termination or expiration of any separate agreement between the Parties with respect to maintenance and support for the Software.

16.8 Definitions.

For purposes of this Section 16:

17.6.1 "Escrow Agreement" means an agreement executed by Supplier and Verizon which is separate from, but supplemental to, this Agreement and which sets forth the terms and conditions governing release of the Escrow Materials to Verizon.

16.8.2 "Escrow Materials" means the then-current Source Code for the Software,, all tools and other software required to translate or convert the deposited Source Code to executable code (e.g. software compilers, linkers, assemblers, translators and interpreters) that are not readily available to Verizon commercially off- the-shelf, and any Custom Software obtained through this Agreement.

17. TERMINATION

17.1 Supplier shall be in default if Supplier fails to perform any of its material obligations under this Agreement , and such failure to perform shall continue for a period of **** after Supplier's receipt of Verizon's written notice thereof, then, in addition to all other rights and remedies under this Agreement at law or in equity or otherwise, Verizon shall have the right, upon written notice, to immediately cancel any or all affected Orders or, at Verizon's option, to terminate this Agreement, without any obligation or liability to Supplier for said termination or cancellation.

17.2 This Agreement may additionally be terminated, by written notice only, as follows:

17.2.1 Unless otherwise expressly provided in such Authorization Letter, Verizon may terminate any or all Authorization Letters issued hereunder without cause, effective upon **** notice, upon written notice to Supplier and, in such event, Supplier shall receive payment only in accordance with Section 17.4 hereof.

17.2.2 Supplier may terminate any affected Authorization Letter if Verizon fails to make timely payments of those portions of invoices that are not disputed in good faith as required hereunder, and any such failure is not remedied within **** after receipt of written notice by Supplier stating its intention to terminate such Authorization Letter.

17.2.3 By either party, effective immediately, upon written notice to the other party, if any of the following events occurs:

17.2.3.1 The other party files a voluntary petition in bankruptcy.

17.2.3.2 The other party is adjudged bankrupt.

17.2.3.3 A court assumes jurisdiction of the assets of the other party under a federal reorganization act.

17.2.3.4 A trustee or receiver is appointed by a court for all or a substantial portion of the assets of the other party.

17.2.3.5 The other party becomes insolvent or suspends its business.

17.2.3.6 The other party makes an assignment of its assets for the benefit of its creditors except as required in the ordinary course of business.

17.3 Upon termination of this Agreement, Supplier shall deliver to Verizon, and Verizon shall own, all Custom Software and Paid Work Product created by

Supplier (subject to any Background Materials of Supplier incorporated therein) at and prior to the time of such termination to the extent owned by Verizon under this Agreement or any Authorization Letter and paid for by Verizon, including source code and Documentation, whether or not completed. Supplier also shall deliver to Verizon all Background Materials incorporated in such Custom Software or Paid Work Product not then in the possession of Verizon; but in no event shall Verizon's rights to any Background Materials be deemed to permit Verizon to access the Platform operated by Supplier after such termination (subject to Section 17.6). Supplier shall, except as required by law or this Agreement, also return to Verizon all Verizon Confidential Information and Verizon will return to Supplier all Supplier Confidential Information.

17.4 Effect of Termination. Upon termination of this Agreement by Verizon for convenience, Supplier shall immediately curtail all activities hereunder upon the effective date set forth in the notice of such termination. Upon such termination, Verizon's sole liability to Supplier will be the payment of (i) all amounts due for Services satisfactorily performed up to the effective date of termination, (ii) any termination fees or other charges set forth in an Authorization Letter and (iii) respecting Development Services, all amounts due Supplier for Software Milestones or work Accepted before the date of termination, plus payment for the next uncompleted Milestone on a time and materials basis based on number of hours worked (no hours prior to the execution of such Authorization Letter shall be included) multiplied by $****, capped at **** of the payment due for such Milestone under the applicable Authorization Letter; provided, however, in the event an Authorization Letter includes termination fees or charges, such stated termination fees or charges shall be in lieu of any other partial payments . Except as set forth above, in no event will Verizon be liable to Supplier either for compensation or for damages of any kind or character whatsoever, whether on account of the loss by Supplier of present or prospective profits on sales or anticipated sales, or expenditures, investments or commitments, made in connection with the establishment, development or maintenance of Supplier's business, or on account of any other cause or thing whatsoever

17.5 Effect on Licenses. In no event shall termination of this Agreement (other than by Supplier pursuant to Section 17.2.2) impair Verizon's right, title and interest to Custom Software or Paid Work Product acquired and paid for by Verizon, or other Supplier materials (including Background Materials or Supplier-retained Work Product) that are licensed on a perpetual, irrevocable or post-termination basis hereunder. The irrevocable nature of paid-for such licenses shall not preclude Supplier from seeking injunctive relief to prevent the reoccurrence or continuing of a breach of this Agreement by Verizon but such injunction may not restrict or limit Verizon's use of the Custom Software or Paid Work Product within the scope of the license granted herein provided Verizon has fully paid for such Custom Software or Paid Work Product.

17.6 Upon expiration and/or termination of this Agreement or any Authorization Letter for any reason (except for termination by Supplier resulting from breach by Verizon under Section 17.2.2, in which case Supplier may demand prepayment for such services and any other amounts due hereunder), and at the request of Verizon, Supplier shall (a) for a period not to exceed **** after the date of termination (the "Transition Period"), continue to provide

****CERTAIN INFORMATION HASBEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HASBEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

Services and Software to enable Verizon to utilize its Data Service (subject to the continued payment of undisputed payments by Verizon pursuant to the terms of this Agreement or as otherwise agreed by the parties) and (b) use reasonable efforts to assist Verizon to ensure a seamless migration without interruption to Subscribers (collectively, the "Transition Services") on mutually agreed pricing and other terms but in no event shall Supplier be required under this subsection (b) to license its Platform to Verizon or such third party as part of the Transition Services. Without limiting the foregoing obligations, to the extent that any services are required, in addition to and beyond the scope of the Transition Services, to effect such transition to Verizon or another application service provider, the parties will mutually agree upon further terms (including fees) regarding the scope and schedule of such additional services. If Verizon does not request Transition Services, Supplier will cease providing the Service(s) at the time termination becomes effective.

17.7 The foregoing rights are in addition to, and not in limitation of, any other remedy a party may have at law or equity.

18. INFRINGEMENT

18.1 Supplier shall indemnify, defend and hold harmless Verizon, its parents, subsidiaries and Affiliates, its OEMs (subject to the limitations in Section 18.5) and its and their respective directors, officers, employees, agents, successors and assigns ("IP Indemnified Parties") from and against any claims, demands, lawsuits, liabilities, loss, cost or expenses (including, but not limited to, reasonable fees and disbursements of counsel and court costs), judgments, settlements and penalties of every kind ("IP Claims") arising from or relating to any actual or alleged infringement or misappropriation of any patent, trademark, copyright, trade secret or any actual or alleged violation of any other intellectual property or proprietary rights arising from or in connection with the Services (including related products furnished hereunder by Supplier) or Software provided under this Agreement. Notwithstanding anything to the contrary contained in this Agreement (including, but not limited to, Section 1), the provisions of this Section 8, shall govern the rights of Indemnified Parties with respect to indemnification for IP Claims.

18.2 The procedures, limitations and restrictions set forth in Section 31 (Indemnification) shall apply in the case of IP Claims hereunder.

18.3 Without limitation of Sections 18.1 and 18.2, if sale, use or if applicable, distribution, of the products or Services becomes subject to an IP Claim, Supplier shall, at Supplier's option and Supplier's expense:

18.3.1 Procure for Verizon the right to use the Services or Software (including related products furnished hereunder);

18.3.2 If 18.3.1 is not possible modify the Services or Software (including related products furnished hereunder) so they become non-infringing;

18.3.3 If neither 18.3.1 or 18.3.2 is possible replace the Services or Software (including related products furnished hereunder) with substantially equivalent, non-infringing products and/or Services; or

18.3.4 If none of the above, are commercially feasible (for the purposes of this Section 18.3.4, the cost of the remedy shall be deemed "commercially feasible" if the costs of implementation thereof are less than the amount paid by Verizon to Supplier hereunder during the prior twelve months prior to such date for such impacted Service or Software), Supplier shall terminate the Services or Software (including related products furnished hereunder) and refund the purchase price paid therefor.

18.4 Exclusions. The obligations under Section 18.1 shall not apply with respect to any claim based upon (i) any use of the Software or Services not in accordance with this Agreement or the applicable Application Letter, if such infringement results solely from such use not in accordance with this Agreement or the applicable Application Letter, (ii) use of any Software or Services in an application or environment or on a platform or with devices for which it was not designed or contemplated in a Specification or Authorization Letter or otherwise authorized by Supplier, (iii) alterations, modifications or enhancements of the Software not created by or on behalf of Supplier where the unmodified Software would have avoided the claim; (v) combination of Software with software or other materials not provided or specified by or through Supplier, where the combination itself causes the infringement; (v); that portion of any Software which implements an IP Indemnified Party's (including an OEM's) requirements where there was no non-infringing way to implement such requirement or (iv) IP Indemnified Party's continuing allegedly infringing activity after a reasonable period (which shall in no event be less than **** with respect to claims regarding Apps, and **** for all other claims) after being provided without charge Software modifications (without degradation of function or performance) that would have avoided the alleged infringement.

18.5 The indemnification obligations directly in favor of OEMs shall only apply where the Supplier's technology has been pre-loaded on to such OEM's device by mutual agreement. Further, for the avoidance of doubt, Supplier acknowledges and agrees that each OEM is an intended third party beneficiary of the indemnification obligations hereunder and, provided such OEM (as a precondition) makes no voluntary admission in respect of any IP Claim, grants to Supplier the exclusive right to defend and settle any IP Claim and affords such assistance to Supplier (at Supplier's cost) in the defense and settlement of such IP Claim as Supplier may reasonably require, then OEM shall be entitled to enforce this indemnity directly against Supplier.

19. CONFIDENTIAL INFORMATION

The non-disclosure provisions set forth as Exhibit F shall apply to this Agreement.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

20. OWNERSHIP

20.1 Retention of Title by Verizon

20.1.1 Title to all materials and property Verizon provides to Supplier in connection with this Agreement shall remain in Verizon or, if applicable, its licensors or lessors. Without limitation of the foregoing, all Verizon Content, all Subscriber Data, all Usage Data, all Web Site style and design guides provided by Verizon, all Verizon Trademarks, and any alterations and/or modifications to the foregoing shall be and remain the proprietary information of Verizon, or, as the case may be, its Content Providers, its Subscribers or other third parties having rights therein.

20.1.2 Any materials or property Verizon provides Supplier, and any materials or property of Verizon or its Subscribers or Indirect Channel Entities that otherwise comes into Supplier's possession or control in connection with a Data Service under this Agreement shall be used only in the performance of this Agreement, unless otherwise authorized in writing by Verizon. Supplier shall adequately protect all such material and property, and shall deliver or return it to Verizon or otherwise dispose of such individual and property as directed by Verizon. Supplier shall be responsible for any loss of or damage to tangible materials or tangible property owned by Verizon, or its licensors or lessors while in Supplier's possession or control.

20.2 Ownership Rights

20.2.1 The Platform and Background Materials (and any corrections, enhancements or modifications thereto but excluding Custom Software or Paid Work Product) shall be owned by Supplier.

20.2.2 For the purposes of this Agreement, "Work Product" shall mean all designs, models, prototypes, drawings, data storage media, listings, deliverables, technical data, inventions, improvements, discoveries, computer software (including firmware), and other forms of technology or intellectual property made, conceived, developed or actually or constructively reduced to practice by Supplier in connection with or pursuant to the terms and conditions of this Agreement, whether solely or jointly with others, and which are associated with, refer to, are suggested by, or result from any services which Supplier may perform pursuant to this Agreement, or from any information obtained by Supplier from Verizon or in discussions and meetings with employees of Verizon or any of its Affiliates including any reports to be prepared by Supplier for Verizon under this Agreement. For the avoidance of doubt, Work Product shall not include the Platform, Background Materials or any Documentation associated with the foregoing.

20.2.3 Rights in Work Product:

20.2.3.1 Subject to the last sentence of Section 20.2.2, Supplier hereby agrees that (i) Custom Software, and (ii) other creative works that VZ specifically pays for and is identified in an Authorization Letter as a Paid Work Product ("Paid Work Product"), are works made for hire exclusively for Verizon under the patent or copyright laws of the United States and shall become and remain the exclusive property of Verizon, and Verizon shall have the rights to use such for any purpose without any additional compensation to Supplier. In the event any Custom Software or Paid Work Product produced under this Agreement shall not be deemed to be a work made for hire exclusively for Verizon under the patent or copyright laws of the United States, Supplier hereby grants and assigns to Verizon all right, title and interest in and to (including the right to reproduce, modify, display, produce derivative works of, translate, publish, sell, use, dispose of, and to authorize others so to do, and the right to patent or copyright and to register such patent or copyright in Verizon's or its nominee's name) all Custom Software or Paid Work Product, subject to Section 20.2.1. Supplier further agrees to assist Verizon in every proper way to protect Custom Software or Paid Work Product, including, but not limited to, signing patent and copyright applications, oaths or declarations, and assignments in favor of Verizon relating to the Custom Software or Paid Work Product, as well as such ancillary and confirmatory documents as may be required or appropriate to insure that such title is clearly and exclusively vested in Verizon, within the United States and in any and all foreign countries. Supplier further agrees to assist and cooperate with all efforts to enforce the rights of Verizon in such property against any third parties.

20.2.3.2 (a) Ownership of all Work Product that is not Custom Software or Paid Work Product shall be retained by Supplier ("Supplier-retained Work Product"). With respect to such Supplier-retained Work Product, Supplier grants to Verizon a nonexclusive, perpetual, fully paid up, royalty free, worldwide, irrevocable license under such Supplier-retained Work Product to make/have made, use, sell, have sold and otherwise provide Verizon products (through one or more intermediaries) to Verizon's end-user customers. For the avoidance of doubt, the foregoing license rights to Supplier-retained Work Product shall not apply or extend to Verizon a license to Background Materials or to the Platform.

(b) With respect to Custom Software or Paid Work Product consisting of/including improvements or enhancements to Supplier's Background Materials ("Verizon-Owned Improvements to Background Materials"), such Verizon-Owned Improvements to Background Materials must be expressly identified as such in the applicable Authorization Letter in accordance with Section 20.2.6.

20.2.4 Supplier grants to Verizon a royalty-free, nonexclusive, transferable, sublicensable, and irrevocable license during the Term to any and all Background Materials which are incorporated in any Custom Software, Paid Work Product or other materials licensed to Verizon hereunder (provided, with respect to such other licensed materials, such license to incorporated Background Materials shall be coterminous with the license to such other licensed materials) under this Agreement to Verizon by Supplier, provided that such license shall only be to the extent that Supplier has, or prior to completion of final settlement of this Agreement, may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant. For the avoidance of doubt, but without limitation of the foregoing, Supplier retains ownership of all right, title and interest in and to, including any and all Intellectual Property Rights it may have, in Background Materials.

20.2.5 Supplier warrants and represents that it has or will have the right, through written agreements with all employees performing Services under or in connection with this Agreement, to secure for Verizon the rights called for in this Section. Further, in the event Supplier uses any subcontractor, consultant or other third party to perform any of the Services contracted for by this Agreement, Supplier agrees to enter into such written agreements with such third party, and to take such other steps as are or may be reasonably required to secure for Verizon the rights called for in this Section.

20.2.6 Identification Requirements. The parties shall identify Custom Software and Paid Work Product in each applicable Authorization Letter, which shall contain the following provisions to state the Parties' intent as to the use of such Work Product:

"OWNERSHIP OF WORK PRODUCT:

For Custom Software, Paid Work Product or Verizon-Owned Improvements to Background Materials of Supplier:

[LIST/DESCRIBE, IF ANY]

CHOOSE 1:

(a) Exclusive to Verizon.

(b) Non-Exclusive. Verizon grants to Supplier a nonexclusive, perpetual, fully paid up, royalty free, worldwide, irrevocable license under such Improvements to Background Materials to make/have made, use, sell, have sold and otherwise provide Supplier products (through one or more intermediaries) to Supplier customers.

21. SUBSCRIBER DATA AND CONTENT

21.1 <u>Subscriber Privacy</u>

Supplier shall (i) protect the privacy of Subscribers to the full extent legally required, (ii) promptly implement and comply with all policies and practices adopted by Verizon concerning the collection, storage, or use of Subscriber Data to the extent such policies have been provided in writing to Supplier and (iii) treat

Subscriber Data as "Confidential Information" in accordance with Section 20 of this Agreement. As between the Parties, Verizon shall have the sole right to adopt and communicate to Subscribers statements about and descriptions of such policies and practices or any breach thereof.

21.2 Ownership of Data

As between Supplier and Verizon, Verizon owns all right, title, and interest, including copyright and other proprietary rights, in CPNI, Subscriber Data and Usage Data, whether collected by Verizon or Supplier.

21.3 Use of Data

In the event Services hereunder require Supplier access to and/or use of any CPNI, Subscriber Data or Usage Data, such shall be used only in the performance of Services hereunder and only to the extent necessary to provide such Services. Supplier shall have no right to record, monitor, reproduce, disclose, sub-license, re-sell or otherwise distribute all or any portion of CPNI, Subscriber Data or Usage Data to any person in any form or any manner other than as necessary or appropriate in providing Services hereunder.

21.4 Use of Content

Except to the extent required to meet the Service Requirements, Supplier will not record, monitor or disclose any Subscriber's use of any Content unless instructed to do so in writing by Verizon, or as required by law, regulation, or court order or as necessary to cooperate with a lawful order or demand of law enforcement officials.

21.5 Certain Confidential Information

For greater certainty, and without limiting the terms of Exhibit F, all CPNI, Subscriber Data and Usage Data shall be Confidential Information of Verizon under the terms of Exhibit F.

21.6 Return or Destruction

Upon the expiration or earlier termination of this Agreement Supplier shall deliver to Verizon all copies of Content, CPNI, Subscriber Data and Usage Data in the possession or control of Supplier and deliver a certificate of an officer certifying that Supplier has retained no copies thereof other than copies required to be retained under applicable law. Alternatively, Verizon shall have the right to instruct Supplier to delete and destroy, in a nonrecoverable manner, all copies of such information, and to witness and supervise such deletion and destruction, directly or using appropriately qualified agents designated by Verizon. Notwithstanding anything to the contrary in this Agreement or Exhibit F, for so long as any CPNI, Subscriber Data and Usage Data remains in the possession or control of Supplier, it shall be deemed "customer information" of Verizon for purposes of Section 2 of Exhibit F.

21.7 No Advertising

Except as otherwise provided in an Authorization Letter, Supplier shall not place or display, allow third parties to place or display, or otherwise enable or allow transmission to Subscribers via Platform of any advertisements, announcements, or other messages without the prior written consent of Verizon.

21.8 Unsolicited Commercial Messages

Supplier shall use commercially reasonable efforts to ensure that no unauthorized third parties are able to gain access to and/or utilize a Platform to generate and send content of any kind, including, but not limited to, unsolicited commercial messages. For purposes of this Section, "commercially reasonable efforts" include, by way of example and not limitation, the prompt removal by Supplier of any content it learns violates this Section, with written notice to Verizon of such removal(s).

22. USE OF TRADEMARKS

22.1 Grant to Verizon: Supplier hereby grants Verizon a non-exclusive, limited-term, non-transferable, revocable right and license to use, reproduce, publish, perform and display the Supplier Trademarks in connection with the development, use, reproduction in promotional and marketing materials, and electronic and printed advertising, publicity, newsletters and mailings about the Data Services. Verizon hereby acknowledges Supplier's exclusive ownership of and title to the Supplier Trademarks and the goodwill attaching thereto. Verizon agrees that the use of Supplier Trademarks will conform with usage guidelines that Supplier provides in writing to Verizon from time to time.

22.2 Grant to Supplier.

22.2.1 License.

22.2.1.1 Subject to the terms and conditions of this Agreement, Verizon hereby grants to Supplier a limited, nonexclusive, nontransferable, royalty-free right and license to use the Verizon Marks solely in connection with connection with providing the Services.

22.2.1.2 Except as provided in 22.2.1.1 above, Supplier shall not use, nor permit any other person or entity to use, the Verizon Marks in any manner, including, without limitation, as part of a corporate name, trademark, service mark, domain name, trade dress or logo.

22.2.1.3 Supplier shall have no right to grant sublicenses of the Verizon Marks.

22.2.2 Quality Standards.

22.2.2.1 Supplier agrees that the nature and quality of all use by Supplier of the Verizon Marks shall conform to such reasonable guidelines and standards as are provided in writing from time to time by Verizon.

22.2.2.2 Supplier shall submit to Verizon for review and approval, at least **** prior to proposed use, all materials, in which the Verizon Marks are used. Subsequent changes to previously submitted materials still in the approval process will be approved within ****. Supplier hall not publish, distribute or use any such materials, in which the Verizon Marks are used without the prior written approval of the following representative of Verizon:

****, email ****.

22.2.2.3 Notwithstanding the foregoing, Supplier may designate at the time of submission that the requested approval is for multiple/repetitive, identical uses on the same medium. Supplier may request approval for such multiple/repetitive, identical use for a period not to exceed the end of the term of this Agreement.

22.2.2.4 Verizon reserves the right, in its sole discretion and without cause, to refuse to approve any proposed Supplier use of the Verizon Marks.

22.2.2.5 Ownership and Goodwill. Supplier acknowledges that, as between Verizon and Supplier, Verizon's affiliate Verizon Trademark Services LLC ("VTS") is the sole and exclusive owner of rights in the Verizon Marks, and Supplier undertakes not to challenge the validity of the Verizon Marks or VTS's registration and ownership of the Verizon Marks, and agrees that it will do nothing inconsistent with such ownership. Supplier further acknowledges and agrees that all use of the Verizon Marks by Supplier and all goodwill generated by and developed therefrom shall inure to the benefit of and be on behalf of VTS. Supplier agrees that nothing in this Agreement shall give Supplier any right, title or interest in or to the Verizon Marks other than the right to use the Verizon Marks in connection with the Licensed Use in the manner contemplated by this Agreement and only for so long as this Agreement is in force.

23. PUBLICITY AND DISCLOSURE

Each party agrees not to provide copies of this Agreement, or otherwise disclose the terms of this Agreement, to any third party without the prior written consent of the other party, except as required by law. Except as required by law, each party further agrees to submit to the contacts below, for written approval, all advertising, sales promotion, press releases and other publicity matters relating to the product furnished and/or the Service performed pursuant to this Agreement, when a name or mark or the name or mark of the other party or any of its partners or Affiliates is mentioned or language from which the connection of said name or mark may be inferred or implied. Such requests shall be sent to each of the following:

If to Verizon:

If related to Verizon Wireless products or services, to
Vice President -- Corporate Communications
Verizon Wireless
One Verizon Way
VC43E062
Basking Ridge, New Jersey 07920

If related to Verizon Wireline products or services, to
Vice President -- Media Relations
Verizon Telecom
One Verizon Way
VC31W467
Basking Ridge, NJ 07920

If related to Verizon Business products or services, to
Vice President -- Media Relations
Verizon Business
One Verizon Way
VC31W461
Basking Ridge, NJ 07920

If to Supplier:

Synchronoss Technologies, Inc.
200 Crossing Boulevard
Bridgewater, NJ 08807
Attention: President

With a copy to Supplier's General Counsel at the same address.

24. COMPLIANCE WITH LAWS

24.1 Supplier represents and warrants (i) that it and, to the best of its knowledge, its directors, shareholders, officers, employees, agents and all permitted subcontractors are currently in compliance and (ii) that it and its directors, shareholders, officers, employees, agents and all permitted subcontractors will remain in compliance with, the provisions of all applicable federal, state and local laws, including rules, regulations and orders decree or direction of the U.S. or applicable foreign jurisdictions (collectively "laws") in performance of this Agreement, , including but not limited to any laws pertaining:

24.1.1 to the employment of labor, hours of labor, health and safety, payment of wages, payment of taxes, employment eligibility status and verification (I-9); in this regard, Supplier shall not discriminate against any employee or applicant for employment because of race, color, religion, disability, sex, national origin, age, physical or mental disability, veteran status or other unlawful criterion, and it shall comply with all applicable laws against discrimination. (If applicable, the Equal Opportunity Clauses set forth in 41 C.F.R. §§60-1.4(a), 60-250.5(a), and 60-741.5(a) are incorporated by reference herein.);

24.1.2 to the safeguarding, protection, privacy, security, encryption, unauthorized disclosure, breach notification and disposal of personal or similar information used, maintained, and/or accessed on Verizon's behalf including, without limitation, the Standards for Protection of Personal information of the Residents of the Commonwealth of Massachusetts 201 CMR17:00; California Civil Code §1798.82 and the Fair and Accurate Credit Transactions Act of 2003, Public Law 108-159;

24.1.3 to directly or indirectly, making, offering, causing to be made, accepting, requesting, suggesting, directing or otherwise inducing any bribe, payment, loan, commission, hospitality, gift of money, kick-back, inducement or anything of value or other advantage (individually or collectively "Bribery") to any official, employee, agent or instrumentality of any government, including legislative, administrative or judicial positions, or any public international organization or any other person, company or legal entity to gain any advantage for Verizon or Supplier, or which is in violation of any economic or trade sanctions, in connection with any transaction relating to this Agreement that could result in a violation of any laws relating to Bribery, including without limitation the Foreign Corrupt Practices Act and the U.K. Bribery Act 2010 ("U.K. Bribery"). Notwithstanding any other provisions in this Agreement, Verizon may suspend performance or terminate this Agreement immediately upon written notice, if Supplier breaches any of the terms set forth in sections above. Following notice of termination, Verizon shall not be responsible for any payments due under the Agreement, and shall not be required to complete any order or take any other action pursuant to this Agreement, if it has reasonable basis to believe that such payment, completion of order, or other action would violate any applicable law, including but not limited to the Foreign Corrupt Practices Act, or the UK Bribery.

In the event of an unauthorized disclosure of personal or similar information or any other violation of the foregoing pertaining to Verizon, Supplier shall provide notice of same by e-mail to security.issues@verizon.com within forty-eight (48) hours, and to the notice addressee set forth in the Notices section of this Agreement by the means set forth therein. Supplier shall also procure any required permits or certificates necessary to perform its obligations under this Agreement.

24.2 Software furnished shall comply, to the extent applicable, with the requirements of the Federal Communications Commission's Rules and Regulations, as may be amended, including those sections concerning the labeling of such Software and the suppression of radiation to specified levels to the extent applicable. If the Software generates interference harmful to radio communications, and such Software was installed in accordance with such Rules and Regulations, then

Supplier shall provide to Verizon methods for suppressing the interference. If the interference cannot be reasonably suppressed, Supplier shall accept return of the Software, refund to Verizon the price paid for the Software and bear all expenses for removal and shipment of such Software. Nothing herein shall be deemed to diminish or otherwise limit Supplier's obligations under Section 31, Indemnification or any other rights or remedies available to Verizon, whether at law or in equity.

24.3 Supplier represents and warrants to Verizon that at the time of delivery, the Platform delivered, or Software delivered, hereunder shall be "CALEA Compliant", meaning that they will comply with the provisions of the Communications Assistance for Law Enforcement Act (Pub L. 103-414, Title 1, October 25, 1994, 108 Stat 4279, as amended), as well as any regulations implementing the provisions of the law. .

24.4 Notwithstanding Section 24.1, it shall not be considered a material breach of this Agreement if a Party is not in compliance with an Applicable Law if such non-compliance is not material to a Party's performance under this Agreement.

25. FORCE MAJEURE

Neither Party shall be responsible for any delay or failure in performance of any part of this Agreement to the extent that such delay is caused by reason of acts of God, wars, revolution, civil commotion, acts of public enemy, embargo, acts of government in its sovereign capacity, or any other circumstances beyond the reasonable control and to the extent not involving any fault or negligence of the Delayed Party ("Condition"). If any such Condition occurs, the Party delayed or unable to perform ("Delayed Party"), upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis during the continuance of the impacts of such Condition (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis during the same period); provided, however, that the Party so affected shall use its best reasonable efforts to avoid or remove such Condition, and both Parties shall proceed immediately with the performance of their obligations under this Agreement whenever such causes are removed or cease. Labor difficulties, including without limitation, strikes, slowdowns, work stoppage, picketing or boycotts, shall not constitute a Condition that excuses a party from performance of its obligations under this Agreement. In the event of such labor difficulties affecting a party, the other party shall use all lawful means to perform Services or meet obligations agreed to under this Agreement. If the Condition continues for more than ****, then the Party affected may terminate this Agreement or any Authorization Letter.

26. ASSIGNMENT

The rights, obligations, and other interests of Supplier shall not be assigned by Supplier, in whole or in part, without the prior written consent of Verizon and any purported assignment of same shall be void and ineffective; provided, however, no consent shall be required in the event of the sale of all of the capital stock or substantially all of the assets to another party. provided, that such acquiring third party:

(a) agrees to be bound by all of the terms and conditions of this Agreement, and

(b) meets none of the following criteria:

i. Such acquiring third party is a competitor of Verizon or is owned by a competitor of Verizon;

ii. Such acquiring third party does not have substantially equal or greater financial wherewithal as compared to Supplier; or

iii. Verizon has been in litigation with such entity in the past over one or more of the following topics: Intellectual Property Rights, confidential information, data protection, or a material breach of a services agreement.

26.1 If Verizon sells, exchanges or otherwise disposes of all or a portion of the assets of, or Verizon's interest in, any business unit in which Services are used, then Verizon shall have the right to assign to such third party all applicable licenses, warranties, maintenance schedules and rights granted under this Agreement with respect to such Service; provided that the third party agrees to be bound by all obligations of Verizon to Supplier that pertain to the Service. Notwithstanding the foregoing, Verizon shall have the right to assign this Agreement to any Affiliate.]]

27. SUBCONTRACTING

Supplier shall not use subcontractors to perform the Services under this Agreement except by prior written consent of Verizon. Requests by Supplier to Verizon to use subcontractors shall be in writing and shall specify the Services to be subcontracted and the identity of the proposed subcontractors. It shall be Supplier's responsibility to update Verizon as it adds or deletes subcontractors and to ensure that the subcontractors it uses are in all cases approved by Verizon. Supplier accepts full responsibility for the acts and omissions of subcontractors and of persons either directly or indirectly employed by them in connection with performing Services hereunder to the same extent as Supplier is responsible for the acts and omissions of persons directly employed by Supplier.

In the event Verizon approves the use of a Subcontractor, for all subcontractors, including, without limitation, any application provider or Content provider, that directly or indirectly furnish hardware, facilities, software, data files, or services that are elements of, or support, the Hosted Services ("Third Party Providers"), Supplier shall contract with such Third Party Providers (other than Terremark or any other affiliate of Verizon) on terms and conditions that are the same as, or no less stringent and beneficial to Verizon than the terms and conditions of Sections 5, 19, 20, 21, 24.1.2 (if the Subcontractor will have access to Massachusetts customer information described in such Section) and 26 and the applicable SLA; and further as and for an inducement to Verizon to enter into this Agreement, Supplier shall make Verizon a third party beneficiary in all respects under such contracts between or among Supplier and such Third Party Providers in order to pass through to Verizon all rights and remedies against such Third Party Providers as may be beneficial to Verizon. Verizon's rights and remedies under all such Third Party Provider contracts shall be supplemental to its rights and remedies against Supplier.

28. TAXES

28.1 Verizon shall, as required by law, pay all state and local sales and use tax or other similar tax (each, a "Tax"), which is directly and solely attributable to purchases by Verizon from Supplier for consideration under this Agreement. Supplier shall bill such Tax to Verizon in the amount required by law, separately stating the amount and type of the billed Tax on the applicable invoice; Verizon shall pay such billed amount of Tax to Supplier; and Supplier shall remit such billed amount of Tax to the appropriate tax authorities as required by law; provided, however, that Supplier shall not bill to or otherwise attempt to collect from Verizon any Tax with respect to which Verizon provides Supplier with (i) an exemption certificate prepared in accordance with applicable law, (ii) a direct pay number, or (iii) other evidence, reasonably acceptable to Supplier, that such Tax does not apply. Except as provided in this Section 28.1, Supplier shall bear the costs of all import and export duties and other governmental fees of whatever nature (other than taxes) with respect to all Software and Services supplied under this Agreement. For the avoidance of doubt, Supplier shall be solely responsible for any taxes, tax-like charges or tax-related or other surcharges determined by Supplier's income, net worth, franchise or property. Supplier will bear any and all financial responsibility for interest, and penalties resulting from its failure to comply with applicable law.

28.2 Supplier shall be responsible for any sales, use, excise, value added, service, consumption, property, franchise, income, or other taxes and duties based upon or measured by Supplier's cost in acquiring goods or services furnished or used by Supplier in the Software and services supplied under this Agreement.

28.3 Supplier shall reasonably cooperate with Verizon so as to minimize the tax liability of Verizon, including, without limiting the generality of the foregoing, liability for Tax to be billed and collected under Section 28.1. Such cooperation shall include, without limiting the generality of the foregoing: (i) the delivery of Software and Documentation from Supplier to Verizon via electronic transmission; (ii) the separate statement of Tax charges on all invoices (including, without limiting the generality of the foregoing, charges for installation, assembly, configuration, freight, insurance and shipping); (iii) the maintenance and invoicing of separate prices for Software and Services; (iv) providing Verizon, upon request, with a written opinion as to (a) the percentage of the value of the Software or Services supplied under this Agreement, (b) the percentage breakdown of value among such categories of Software as Verizon may identify in its request, and (c) such supporting documentation and information with respect to such opinion as Verizon may request; and (v) upon request from Verizon, certifying in writing whether and, if applicable, to what extent, any particular Software is custom or pre-written.

28.4 Supplier shall cooperate with all reasonable requests of Verizon in connection with any contest or refund claim with respect to taxes. If applicable law places the responsibility on Supplier to collect a Tax from Verizon and Supplier fails to do so, Verizon will not be responsible for any interest or penalties associated with Supplier's failure to invoice such Tax solely due to its error. If Supplier incorrectly (in the reasonable opinion of Verizon) bills and collects Tax from Verizon and the taxing authority requires that any refund from the taxing authority be sought by the billing party, then, upon request from Verizon (together with reasonable supporting documentation), Supplier shall seek the refund and remit to Verizon the amount of the refund actually obtained, together with interest, if any, actually received, promptly upon receiving such refund and interest, if any, from the taxing authority. If the Supplier agrees with a tax authority to waive the Supplier's statute of limitations as to its audit period, Verizon will not be responsible for any portion of tax audit assessments on Supplier beyond Supplier's original applicable statute of limitations, nor, will Verizon be responsible for any portion of tax audit assessments on Supplier for any period for which Verizon's statute of limitations is closed due to expiration or audit settlement.

28.5 If any payment to be made in respect of any invoice is subject, under the law of any foreign tax jurisdiction, to any withholding tax, notwithstanding any provision of this Agreement to the contrary, Verizon shall make payment to Supplier of the amount owing on the invoice, less a deduction for the withholding tax, and shall account to the relevant tax authority for the withheld tax. Payments of the net sum to Supplier and the withholding tax to the relevant tax authority shall constitute, for purposes of this Agreement, full settlement of the amount owing under the invoice. Verizon will, upon written request from Supplier and at Supplier's expense, furnish any necessary evidence that may reasonably be required to establish the payment of the withholding tax to the relevant tax authority.

29. PERMITS

Unless otherwise specifically provided for in this Agreement, Supplier (including any employees, agents and contractors) shall obtain and keep in full force and effect, at its expense, any permits, licenses, consents, approvals and authorizations ("Permits") necessary for the performance of Services. Upon request, Supplier must submit to Verizon evidence of any Permits required for Supplier to perform Services in a given location.

30. WORK RULES AND ACCESS REQUIREMENTS

30.1 Supplier shall comply with Verizon security rules to the extent provided to Supplier or with respect to which Supplier has actual or reasonable constructive notice as well as all governmental security regulations including, but not limited to U.S. governmental regulations governing security clearances.

30.2 Supplier shall permit reasonable access to employees or subcontractors (for purposes of this Section, Verizon shall be responsible for such Verizon subcontractors as if they were Verizon employees) of Verizon during normal working hours to its facilities to the extent reasonably required in connection with the Service.

30.3 Supplier shall provide its employees, subcontractors, and agents and work vehicles with identification in accordance with current generally applicable Verizon supplier requirements

30.4 If Supplier is given access, whether on-site or through remote facilities, to any Verizon computer or electronic data storage system in order for Supplier to accomplish the Services called for in this Agreement, Supplier shall limit such access and use solely to perform Services within the scope of this Agreement, shall not without the prior written authorization of Verizon export or transmit any computer system, electronic file, software or other electronic services, or data therein contained, to entities or locations other than those specified in this Agreement and shall not access or attempt to access any computer system, electronic file, software or other electronic services other than those specifically required to accomplish the work required under this Agreement and only as permitted in this Agreement. Supplier shall limit such access to those of its employees who are qualified and required, subject to Verizon requiring written authorization, to have such access in connection with this Agreement, and shall strictly follow all Verizon's security rules for use of Verizon's electronic resources. All user identification numbers and passwords disclosed to Supplier and any information obtained by Supplier as a result of Supplier's access to and use of Verizon's computer and electronic data storage systems shall be deemed to be, and shall be treated as, Verizon Confidential Information under applicable provisions of this Agreement. Verizon reserves the right to monitor such actions by Supplier and Supplier agrees to cooperate with Verizon in the investigation of any apparent unauthorized access by Supplier to Verizon's computer or electronic data storage systems or unauthorized release of Confidential Information by Supplier.

30.5 If Supplier is given such access to any Verizon computer or electronic storage system, or if Supplier otherwise exchanges electronic messages or communications with Verizon (including but not limited to Verizon accessing any of Supplier's data bases or systems on-site or remotely), or if Supplier furnishes software or other electronic transmissions to Verizon, (i) Supplier shall not transmit or introduce any virus, worm or other malicious code to Verizon or into its network, computers, electronic storage systems or other systems (the foregoing shall not apply where Subscriber Data as transmitted by Verizon to Supplier contains such a virus, worm or other malicious code) and (ii) any Software provided to Verizon by Supplier for use by Supplier or Verizon shall (a) contain no hidden files; (b) not replicate, transmit, or activate itself without control of a person operating computing equipment on which it resides; (c) not alter, damage, or erase any data or computer programs without control of a person operating the computing equipment on which it resides unless such practice is consistent with Specifications or Service Requirements; (d) contain no encrypted imbedded key unknown to Verizon, node lock, time-out or other function, whether implemented by electronic, mechanical or other means, which restricts or may restrict use or access to any programs or data developed under this Agreement, based on residency on a specific hardware configuration, frequency of duration of use, or other limiting criteria ("Illicit Code") unless such practice is consistent with Specifications or Service Requirements.

30.6 Verizon reserves the right to reasonably request at any time and for any reason that specific employees, subcontractors, and agents of Supplier be removed from and not assigned by Supplier to perform Services for Verizon, and Supplier acknowledges, agrees and understands that Supplier will immediately comply with such request by Verizon.

30.7 Background Checks.

30.7.1 For each of the employees that Supplier wishes to assign to perform Services for Verizon, Supplier shall certify to Verizon that it has conducted (or caused to be conducted) a background check as described herein (collectively referred to as "background checking") to the extent permitted by applicable law. For purposes of this Section, "employee" shall include Supplier's employees and any of Supplier's contract personnel; and "assign" shall include training for Services to be provided to Verizon, unless otherwise agreed to by Verizon.

30.7.1.1 Where permitted by law, the criminal history check shall consist of a federal and state check for felony criminal convictions (or the equivalent thereof under relevant law) in all locations where the assigned employee has resided, has been employed, or has attended school in the immediately preceding seven (7) years, and a check of U.S. Government Specially Designated National (OFAC) and export denial lists. This criminal history check shall include, to the extent available and permitted by law, a check for outstanding warrants and a check for pending felony charges in all such locations. Statewide county searches shall be performed in all states where such search mechanism is available without requiring specialized data (such as fingerprints or DNA), and the National Criminal File database shall also be searched.

30.7.1.2 The employee will be checked against the National/State Sex Offender Registry (http://www.familywatchdog.us/ with no state selected) or the equivalent, to yield a national and all-states search.

30.7.1.3 The name to which employee's Social Security Number is attributed shall be verified.

30.7.1.4 The employee's citizenship, most recent country of permanent residence, and legal right to work in the jurisdiction in which the employee will be performing Services for Verizon shall be verified.

30.7.2 For any period of time encompassed in the foregoing background check requirement when the employee was resident outside of the United States, such background checking shall be conducted by a reputable investigative agency that conducts background checking in the relevant country(ies) for transnational technology firms comparable to Verizon, utilizing database checking, field checking and interviews as needed to the extent permitted by applicable law. The criminal convictions check shall include the equivalent, under relevant non-US law, of those convictions described in 30.7.1 to the extent permitted by applicable law

30.7.3 Supplier shall comply with all applicable laws in conducting the background check specified in this Section 30.7 including but not limited to, where required, securing from each employee who provides Services to Verizon such employee's written consent to perform the background checking specified in this Section 30.7 and to disclose the results thereof to Verizon upon Verizon's request to the extent permitted by applicable law. Without limitation of the foregoing, Supplier will make all written disclosures to and obtain written consent from each employee to obtain consumer reports as defined in and required by the Fair Credit Reporting Act to the extent permitted by applicable law. Supplier shall provide such results and written consent to Verizon upon request from Verizon. Supplier may be required to recertify on an annual basis that such Background Checks were performed for any employee who has performed Services and was not included in the prior certification.

30.7.4 Without prior review with and consent of Verizon, Supplier shall not assign any employee to provide Services to Verizon if such employee:

30.7.4.1 has been convicted of a felony (or the equivalent thereof under relevant law) within the last seven (7) years which, following a review under applicable law and applying the guidelines set forth in Exhibit G, Supplier concludes the circumstances of which are directly job-related to the assignment at Verizon and therefore makes the employee unsuitable for that assignment at Verizon, or for whom a warrant is outstanding, or for whom a felony charge is currently pending, or is on a U.S. Government Specially Designated National or export denial list. The foregoing shall not apply to a minor traffic violation (a moving traffic violation other than reckless driving, hit and run, driving to endanger, vehicular homicide, driving while intoxicated or other criminal offense involving gross negligence, recklessness, intentional or willful misconduct while operating a motor vehicle), to a conviction that has been legally expunged, or to a conviction for a misdemeanor that occurred while the employee was under the age of twenty-one years; or

30.7.4.2 is on the national or any state Sex Offender Registry which, following a review under applicable law and applying the guidelines set forth in Exhibit G, Supplier concludes the circumstances of which are directly job-related to the assignment at Verizon and therefore makes the employee unsuitable for that assignment at Verizon

30.7.4.3 does not have the legal right to work in the jurisdiction in which the employee will be performing Services for Verizon.

30.7.5 Supplier shall certify to Verizon that Supplier has caused the foregoing background checking to be performed for each employee assigned to provide Service for Verizon within **** of the Effective Date; further, upon request, Supplier shall annually certify no later than the anniversary of the Effective Date that it has met the foregoing background checking requirements for all employees then assigned to provide Service for Verizon. Such certifications shall be sent via electronic mail to Verizon's in accordance with the Notice provision in the Agreement.

31.8 Supplier agrees to comply with Verizon's Supplier Code of Conduct located at http://www22.verizon.com/ethics, which may be updated from time to time to the extent Verizon notifies Supplier in writing of such update.

31. INDEMNIFICATION

31.1 Supplier shall defend, indemnify and hold harmless Verizon, its parents, subsidiaries and Affiliates, and its and their respective directors, officers, partners, members, employees, agents, successors and assigns ("Indemnified Parties") from and against any claims, demands, lawsuits, damages, liabilities, loss, costs or expenses (including, but not limited to, reasonable fees and disbursements of counsel and court costs), judgments, settlements and penalties of every kind ("Claims"), that may be made: (a) by anyone for injuries (including death) to persons or damage to tangible property, including theft, resulting in whole or in part from the acts or omissions of Supplier or those persons furnished by Supplier, including its subcontractors (if any); (b) by persons furnished by Supplier and its subcontractors (if any) under Worker's Compensation or similar acts; (c) by anyone in connection with or based upon Services or Software (including products furnished hereunder) provided by Supplier and its subcontractors, if any, or contemplated by this Agreement, including Claims regarding the adequacy of any disclosures, instructions or warnings related to any such Services; (d) under any federal securities laws or under any other statute, at common law or otherwise arising out of or in connection with the performance by Supplier contemplated by this Agreement or any information obtained in connection with such performance and (e) for any breach by Supplier of Section 15.9.1. The foregoing indemnification shall apply whether Supplier or an Indemnified Party defends such Claim and whether the Claim arises or is alleged to arise out of the sole acts or omissions of the Supplier (and/or any subcontractor of Supplier) or out of the concurrent acts or omissions of Supplier (and/or any subcontractor of Supplier) and any Indemnified Parties. Supplier further agrees to bind its subcontractors, if any, to similarly indemnify, hold harmless, and defend the Indemnified Parties.

31.2 Verizon will provide Supplier with prompt, written notice of any written Claim covered by this indemnification and will cooperate appropriately with Supplier in connection with Supplier's evaluation of such Claim. Promptly after receipt of such request, Supplier shall assume the sole control and defense of such Claim. Supplier shall not settle or compromise any such Claim or consent to the entry of any judgment without the prior written consent of each Indemnified Party and without an unconditional release of all claims by each claimant or plaintiff in favor of each Indemnified Party.

32. INSURANCE

32.1 Supplier shall secure and maintain at its expense during the term of this Agreement:

32.1.1 Commercial General Liability insurance (including, but not limited to, premises-operations, products/completed operations, contractual liability, independent contractors, personal and advertising injury) with limits of at least $****, combined single limit for each occurrence and $**** general aggregate.

32.1.2 Commercial Automobile Liability insurance with limits of at least $**** combined single limit for each accident covering all owned, non-owned hired and leased vehicles.

32.1.3 Workers' Compensation insurance, in compliance with the statutory requirements of the state(s) of operation and Employer's Liability insurance with limits of not less than $**** each accident/disease/policy limit.

32.1.4 A combination of primary and excess/umbrella liability policies will be acceptable as a means to meet the limits specifically required hereunder. THE REQUIRED MINIMUM LIMITS OF COVERAGE SHOWN ABOVE, HOWEVER, WILL NOT IN ANY WAY RESTRICT OR DIMINISH SUPPLIER'S LIABILITY UNDER THIS AGREEMENT.

32.1.5 Professional Liability/Errors and Omissions insurance, with limits of not less than $**** each claim.

32.2 Supplier represents and warrants that it will obtain upon or prior to the effective date of the agreement a policy or policies of insurance from an insurer(s) that (i) is licensed, authorized or permitted to do business in the state(s) where service is to be provided, and (ii) has a Best's Rating "A- VII" or better. Supplier shall deliver a Certificate of Insurance on which Verizon Communications Inc., its subsidiaries and Affiliates are named as additional insureds and listed as a Certificate Holder to the following address:

****
Verizon Sourcing LLC
One Verizon Way
Mailcode ****
Basking Ridge, NJ USA 07920

or via Verizon's vSource supplier portal. Supplier's insurer or its authorized representative shall provide no less than **** prior written notice of intent to non-renew, cancellation or material adverse change, except **** notice for nonpayment of premium shall apply.

32.3 Supplier shall waive its rights of subrogation against Verizon for all claims, as permitted by law.

32.4 Supplier agrees that Supplier's policy is primary and non-contributory with any insurance or program of self-insurance that may be maintained by Verizon.

32.5 Supplier is responsible for determining whether the above minimum insurance coverages are adequate to protect its interests. The above minimum coverages do not constitute limitations upon Supplier's liability.

32.6 Self-Insure. Should Supplier elect to self-insure any portion of the insurance required to be maintained, Supplier shall maintain a senior unsecured credit rating from Standard & Poor's, Moody's of at least BBB- or Baa2 or commensurate rating respectively. If Supplier's senior unsecured credit rating falls below either of these thresholds during the term of this Agreement, Supplier will procure insurance for the risks it is self-insuring as soon as possible but no later than **** from the date of such event. If Supplier does not have a senior unsecured credit rating described above, a minimum net worth of $**** will be required to self-insure and shall be maintained throughout the term of this Agreement. If Supplier's net worth falls below $****during the term of this Agreement Supplier will procure and maintain insurance for the risk it is self-insuring as soon as possible.

33. RELATIONSHIP OF PARTIES

In providing any Services or Software under this Agreement, Supplier is acting solely as an independent contractor and not as an agent of any other Party. Persons furnished by the Supplier shall be solely the employees or agents of the Supplier and shall be under the sole and exclusive direction and control of such Party. They shall not be considered employees of Verizon for any purpose. Supplier shall be responsible for compliance with all laws, rules and regulations involving its respective employees or agents, including (but not limited to) employment of labor, hours of labor, health and safety, working conditions and payment of wages. Supplier shall also be responsible, respectively, for payment of taxes, including federal, state, and municipal taxes, chargeable or assessed with respect to its employees or agents, such as social security, unemployment, worker's compensation, disability insurance and federal and state income tax withholding. Neither Party undertakes by this Agreement or otherwise to perform or discharge any liability or obligation of the other Party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other Party. Nothing contained in this Agreement is intended to give rise to a partnership or joint venture between the Parties or to impose upon the Parties any of the duties or responsibilities of partners or joint venturers.

34. NOTICES

With the exception of invoices pursuant to Section 11 (Fees/Payment); requests for publicity consent under Section 23 (Publicity and Disclosure), and MWDBVE matters under Exhibit E (Primary Supplier Commitment), Notices concerning this Agreement shall be in writing and shall be given or made by means of telegram, facsimile transmission, certified or registered mail, express mail or other overnight delivery service, or hand delivery, proper postage or other charges paid and addressed or directed to the respective Parties as follows. A notice that is sent by facsimile shall also be sent by one of the other means set out by this Section:

To Supplier:	Synchronoss Technologies, Inc. 200 Crossing Blvd. Bridgewater, NJ 08807 Attention: President Fax: ****
	With a copy to:
	Synchronoss Technologies, Inc. 200 Crossing Blvd. Bridgewater, NJ 08807 Attention: General Counsel Fax: ****
To Verizon:	Verizon One Verizon Way Basking Ridge, NJ USA 07920 Attention: ****
With a copy to:	Verizon Sourcing LLC One Verizon Way Basking Ridge, New Jersey 07920 Attention: Vice President and Deputy General Counsel - Sourcing Fax: ****

Notices for change in ownership, change in name of firm, or change in mailing address must be given by each party by mailing to the other party within **** of such change. Notices for change in ownership must include the names of all new owners or officers, registered agent for service of process and state of incorporation or organization.

35. NONWAIVER

Either party's failure to enforce any of the provisions of this Agreement or any Authorization Letter, or to exercise any option, shall not be construed as a waiver of such provisions, rights, or options, or affect the validity of this Agreement.

36. SEVERABILITY

If any provision of this Agreement shall be invalid or unenforceable, then such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement. The entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the Parties shall be construed and enforced accordingly.

37. LIMITATION OF LIABILITY

EXCEPT FOR CLAIMS UNDER SECTION 19 (CONFIDENTIAL INFORMATION), IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY, ITS EMPLOYEES, SUBCONTRACTORS, AND/OR AGENTS, OR ANY THIRD PARTY, FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE DAMAGES, OR LOST PROFITS FOR ANY CLAIM OR DEMAND OF ANY NATURE OR KIND, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE PERFORMANCE OR BREACH THEREOF.

THE AGGREGATE LIABILITY OF EITHER PARTY FOR ALL CLAIMS MADE IN ANY CALENDAR YEAR UNDER OR IN CONNECTION WITH THIS AGREEMENT, IRRESPECTIVE OF THE BASIS OF CLAIM (WHETHER WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE) SHALL BE LIMTED TO ****.

****.

The Parties acknowledge that the fees paid hereunder reflect the foregoing allocation of risk.

38. DISPUTE RESOLUTION

38.1 The Parties desire to resolve certain disputes, controversies and claims arising out of this Agreement without litigation. Accordingly, except in the case of a suit, action or proceeding to compel either Party to comply with the dispute resolution procedures set forth in this Section the Parties agree to use the following alternative procedure with respect to any dispute, controversy or claim arising out of or relating to this Agreement or its breach. The term "Dispute" means any dispute, controversy or claim to be resolved in accordance with the dispute resolution procedure specified in this Section.

38.2 At the written request of a Party, each Party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute arising under this Agreement. The Parties intend that these negotiations be conducted by non-lawyer, business representatives. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, shall be exempt from discovery and production, and shall not be admissible in any lawsuit without the concurrence of all Parties. Documents identified in, or provided with, such communications, which are not prepared for purposes of the negotiations are not so exempted and may, if otherwise admissible, be admitted in evidence in the lawsuit.

38.3 If the negotiations do not resolve the Dispute within **** of the initial written request, the Parties may pursue their available remedies at law or in equity.

39. ORDER OF PRECEDENCE

All quotations, Authorization Letters, Change Orders, acknowledgments, and invoices issued pursuant to this Agreement shall be subject to the provisions contained in this Agreement. In the event of any conflict between a specific term or condition of this Agreement and a specific term or condition contained in an Authorization Letter or Change Order, the specific term or condition of the Authorization Letter or applicable Change Order shall control and take precedence where the Agreement provides that this Agreement is subject to such Authorization Letter or Change Order or where it is stated in a clear and unambiguous matter in the Authorization Letter or Change Order that the specific term or condition of the Exhibit is in conflict with the Agreement and takes precedence. The terms and conditions of this Agreement and its Exhibits will control over any additional, conflicting or inconsistent terms contained in any Authorization Letter, Change Order, quotation, acknowledgment or invoice, unless agreed in writing by authorized representatives of the Parties; provided that, the following provisions, as they to Services or Software ordered pursuant to a particular Authorization Letter, can be changed by language contained in that Authorization Letter or Change Order: (i) the quantity, (ii) special quoted price, (iii) payment terms, (iv) warranty period, or (v) delivery date.

40. SECTION HEADINGS

The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

41. SURVIVAL OF OBLIGATIONS

The respective obligations of the Parties under this Agreement that by their nature would continue beyond the termination, cancellation or expiration, shall survive any termination, cancellation or expiration, including, but not limited to, obligations to indemnify, insure and maintain confidentiality.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

42. CHOICE OF LAW AND JURISDICTION

The construction, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of law principles that would require the application of the laws of any other jurisdiction and subject to the exclusive jurisdiction of the federal or state courts in New York. The Parties hereby consent to the exclusive jurisdiction of the courts in the State of New York and agree to accept the service of process of such courts such that any suit brought by either Party against the other Party for claims arising out of this Agreement shall be brought in the Supreme Court of the State of New York, New York County, and/or, if applicable, the United States District Court for the Southern District of New York. The application of the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from this Agreement.

43. GIFTS AND GRATUITIES AND CONFLICTS OF INTEREST

43.1 Supplier certifies that, to the best of Supplier's knowledge and belief, no economic, beneficial, employment or managerial relationship exists between Supplier and any employee of Verizon, or between Supplier and any relative of an employee of Verizon, that would tend in any way to influence such employee in the performance of his or her duties on behalf of Verizon in connection with the awarding, making, amending or making determinations concerning the performance of this or any other agreement.

43.2 The exchange or offering of any money, gift item, personal service, entertainment or unusual hospitality by Supplier to Verizon is expressly prohibited. This prohibition is equally applicable to both Parties' officers, employees, agents or immediate family members. Any violation of this provision constitutes a material breach of this Agreement.

44. ENTIRE AGREEMENT

This Agreement together with its exhibits constitutes the entire agreement between the Parties and cancels all contemporaneous or prior agreements, whether written or oral, with respect to the subject matter of this Agreement. No modifications shall be made to this Agreement unless in writing and signed by authorized representatives of the Parties

45. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives.

VERIZON SOURCING LLC	SYNCHRONOSS TECHNOLOGIES, INC.
By: /s/ Marc C. Reed	By: /s/ Stephen G. Waldis
Name: Marc C. Reed	Name: Stephen G. Waldis
Title: EVP & CAO	Title: CEO
Date: 12/20/13	Date: 12/16/13

EXHIBIT A – FORM OF AUTHORIZATION LETTER

Date

Contact Name
Supplier Name
Address
City, State

Re: This Application Service Provider Agreement between Verizon and _____________________ ("Supplier")

Verizon Contract No.

Authorization Letter Number: ____________

Dear __________________:

This authorization is pursuant to the terms and conditions of the above-referenced agreement (the "Agreement").

The services to be performed are described in the attached "Statement of Work" (Schedule 1) ("Project").

The schedule of pricing is set forth in the attached Statement of Work.

The Verizon Project Leader will be: ___________________________________

Invoices shall be billed on a monthly basis and addressed to:

Verizon [INSERT APPROPRIATE ADDRESS]
____
____
Attn: __________________________

The payment terms shall be as defined in the Agreement. Supplier shall not issue its invoice for the Project until the earlier of Verizon's written acceptance of the Project or the expiration of the acceptance period set forth in the Statement of Work.

The Services will be performed at the Verizon facilities located at ____________. Travel time to and from this location will not be billable. Out-of-pocket expenses, authorized in advance by Verizon, will be billed to Verizon in accordance with the Agreement.

The maximum amount authorized under this letter is $___________ ("Amount Authorized"). Services authorized by this letter will commence on _______________ and will continue until _____________, subject to the earlier of 1) completion of the Project; or 2) termination of Services under the Agreement. The Verizon Project Leader will specify standards and/or other constraints to be applied to work being performed.

Supplier will provide the Verizon Project Leader with a weekly status report indicating hours worked by day and status of assigned tasks.

Please indicate your acceptance of this Authorization Letter by having it signed by an authorized representative of Supplier and return a fully executed original and a copy of your insurance certificate to ________________________ at the address stated above with copies to ______________.

Sincerely,

(Name)
Verizon
(Title)

Agreed to and accepted by Supplier:

BY: ____________________________

NAME: ____________________________

TITLE: ____________________________

DATE: ____________________________

EXHIBIT B – CHANGE REQUEST FORM

<table>
<tr><td></td><td colspan="3">CHANGE REQUEST FORM</td></tr>
<tr><td colspan="4">CUSTOMER PROVIDED INFORMATION</td></tr>
<tr><td>Originator's Name:</td><td>Date:</td><td>Telephone:</td><td>Email:</td></tr>
<tr><td colspan="2">Customer Name:</td><td colspan="2">Application Name:</td></tr>
<tr><td colspan="4">Description of Problem or Desired Changes (Attach Additional sheets as Necessary):</td></tr>
<tr><td colspan="4">Recommended Action/Solution (Attach Additional sheets as Necessary):</td></tr>
<tr><td colspan="4">TO BE COMPLETED BY SUPPLIER</td></tr>
<tr><td colspan="4">Functional Areas Affected:
Application Development
Project Management Office
QA
Data Base Management
Content Management
Marketing
Production Operations
Network Engineering
Legal
Other</td></tr>
<tr><td colspan="4">Written description of the work Supplier anticipates performing in order to effectuate such change(s) requested:</td></tr>
<tr><td colspan="4">Schedule for commencing and completing such work:</td></tr>
</table>

<table>
<tr><td colspan="2">The number of person hours expected to be expended and the costs to Customer associated with such change(s):</td></tr>
<tr><td colspan="2">Analysis/Evaluation/Comments:</td></tr>
<tr><td colspan="2">Reviewed/Verified By:

Project Manager ________________________ Date: ________________
Business Unit
Manager ________________________ Date: ________________

Other ________________________ Date: ________________</td></tr>
<tr><td>Change Management Team
Recommendation:
Work Defer Close</td><td>Target Release Date:</td></tr>
<tr><td>Agreed to and accepted by Supplier:
BY: ____________________________
NAME: ____________________________
TITLE: ____________________________
DATE: ____________________________</td><td>Agreed to and accepted by Verizon:
BY: ____________________________
NAME: ____________________________
TITLE: ____________________________
DATE: ____________________________</td></tr>
</table>

EXHIBIT C-1 - BASELINE INFORMATION SECURITY REQUIREMENTS

This Baseline Information Security Requirements for Suppliers ("Exhibit") defines certain minimum physical and logical information security controls and requirements for Suppliers performing services for or providing services to Verizon. This Exhibit supplements all security requirements set forth in the Agreement, and statements of work and Orders thereunder (collectively or individually, the "Agreement(s)"). This exhibit does not limit other rights of Verizon or obligations of Supplier that otherwise exist under applicable laws or agreements, including, but not limited to, additional security requirements that may be imposed to address protection of specific information, specific agreements, specific engagements, or changes in applicable law; and any security protection requirements in such laws and agreements that are more stringent than those set forth in this Exhibit shall replace and supersede the corresponding terms of this Exhibit. Any exceptions to the following requirements must be approved in writing by Verizon in advance of implementation. Unless expressly stated otherwise in the Agreement(s), the terms of this Exhibit shall take precedence and prevail over any conflicting or inconsistent provisions in the Agreement(s) only to the extent that they are more stringent than the conflicting or inconsistent provisions of the Agreement(s).

As used in this Exhibit, compliance is required with those requirements that are preceded by the words "shall" or "must." Those requirements that are preceded by the word "should" are important, however Supplier is free to adopt alternatives that result in information protection and security that is at least equivalent to conformance to those requirements.

1) Definitions:

a) Information Definitions

Confidential Information	Defined in the Agreement(s)
CPNI Privacy Information (CPNI-PI)	One or more of the following CPNI related personal information data elements that may be combined with a person's identifying information (name, telephone number, email address, driver's license number, internet address, etc.): (1) Call detail records (2) Credit information (3) Internet Usage Information (4) Video Viewership Information
Personally Identifiable Information (PII)	Information capable of being associated with a particular individual through one or more identifiers, including but not limited to: (1) Military ID number (2) Passport Number (if applicable) (3) Work Visa Number (if applicable) (4) Access Codes, Pin, Password, challenge responses for individual user access to information systems (5) Mother's Maiden Name

	(6) Federal Tax ID (Social Security Number) in many cases) (7) Driver's license number (8)) State identification card number (9) An account number or credit or debit card number (10) Alien registration number (11) Health insurance identification number "Personally Identifiable Information" does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.
Sensitive Information	Any SPI, PII or CPNI-PI, collectively or individually.
Sensitive Personal Information (SPI)	One or more of the following personal data elements that may be combined with a person's identifying information (name, telephone number, email address, driver's license number, internet address, etc.): (1) Social Security number, (2) driver's license number or state-issued identification card number, (3) financial account number, or credit or debit card number, with our without any required security code, access code, personal identification number (PIN) or password that would permit access to that person's financial account, (4) medical information (including, but not limited to, any information regarding an individual's medical history, mental or physical condition, or medical treatment or diagnosis by a health care professional), (5) health insurance information (i.e., an individual's health insurance policy number or subscriber identification number, any unique identifier used by a health insurer to identify the individual, or any information in an individual's application and claims history, including any appeals records). "Sensitive Personal Information" does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

b) General Definitions

Industry Standard	"Industry Standard" means: actually used or adopted by a substantial number of comparable companies working with comparable information of a comparable nature; prescribed for use by an a governing industry standards body or group; or assessed by recognized experts in the field as acceptable and reasonable.
Media Destruction	A process that destroys media on which information is located

	and thereby makes recovery of such information impossible, and means "destroyed" as specified in Guidelines for Media Sanitization, National Institute of Standards and Technology, NIST Special Publication 800-88 (NIST 800-88). Incineration, shredding and pulverizing are all permissible physical destruction methods in accordance with minimum standards specified in NIST 800-88. Media that have been subject to such Destruction are "Destroyed" under these Baseline Security Requirements.
Storage Encryption	Data encryption using at least using a non-proprietary industry standard algorithm that has not been broken (AES and 3Des are acceptable encryption methods). Verizon Sensitive Information stored by Supplier shall be protected using the following minimum encryption standards: ****
Sanitization	"Sanitized" or "sanitization" is a process that removes information from media or that renders such information irretrievable, such that data recovery is not possible, and means "sanitized" no less effectively than as specified in Guidelines for Media Sanitization, National Institute of Standards and Technology, NIST Special Publication 800-88 (NIST 800-88).

Secure Transportation	Transport utilizing a licensed, bonded, secure carrier that implements and adheres to a "chain of custody program", approved by Verizon, for tracking the movement and disposition of storage media or other equipment from receipt to final disposition, including tracking the following specific items: Ownership of the media Serial number of the media Verification at collection/pick-up location (owner/end user) Driver name, date and time Stamp Receipt at Supplier's location (date and time Stamp);
Security Breach	The unauthorized acquisition or unauthorized use of unencrypted data, or the unauthorized acquisition or unauthorized use of encrypted data along with the confidential process or key that is capable of compromising the security, confidentiality, or integrity of such encrypted data.
Strong Authentication	Authentication is a process for verifying an individual and/or the individual's electronic identity. An individual or the individual's electronic identity can be certified by positively identifying any one of the following: Something they know (an authentication code), such as a password; Something they have (an authentication device), such as a proximity door card or a SecurID[1] card; or Something they are (physical characteristics), such as facial features, retina pattern, or a fingerprint Strong Authentication occurs when a user is required to submit or use at least two of these identification indicators for verification.
Supplier Devices	Servers, computers, mobile devices (other than mobile workstations), and communications equipment provided by Supplier in connection with work under the Agreement.
Supplier Staff	Supplier staff includes employees, contract employees, temporary staff, authorized subcontractors, and employees, contract employees and temporary staff of the foregoing subcontractors.
Transport Encryption	Transport encryption shall be no less secure than encryption consisting of SSL v3 or TLS protected by a minimum of 128 bit encryption with a 1024 bit keys using Verizon approved digital certificates. Public certificates must be used for all web-based servers. If other transport encryption methods are utilized, they must conform to these minimum standards.

2) Information Security Program Requirements:

1 SecurID is a registered trademark of RSA Security, Inc.

Supplier is required to maintain an information security program that at minimum includes the following:

a) One or more designated qualified employees must be responsible to maintain the Supplier information security program.

b) Supplier must maintain written information security policies and standards that address all information security requirements contained in the Agreement(s); that are at minimum consistent in all material respects with the requirements of this Exhibit and with applicable Industry Standards; and that support the confidentiality, integrity and availability of Supplier systems, information and business operations and the confidentiality, integrity and availability of Verizon Sensitive Information and Confidential Information. In addition, such policies and standards must conform to all applicable data protection laws and regulations.

c) Supplier executive management must endorse information security polices and standards;

d) Supplier Staff must receive periodic training (at least annually) to understand Supplier's security policies, and must acknowledge their adherence to Supplier's security policies. Written certification of the periodic training and of the acknowledgement of information security policies by Supplier employees and permitted contractors must be maintained by supplier for inspection by Verizon upon reasonable request.

e) Non-compliance with Supplier's information security policies must result in meaningful discipline.

f) Supplier Information Security program must include periodic education and awareness messages to Supplier Staff that consist of relevant and timely information to sensitize such staff to the importance of security for Sensitive Information and Confidential Information, complying with applicable use requirements and limitations, the proper use of Supplier's security systems, and the requirements of Supplier's information security program.

g) Supplier must review its security measures on an ongoing basis, at least annually and whenever there is a material change in business practices that may implicate the security or integrity of records containing Sensitive Information. Such review will identify and assess reasonably foreseeable internal and external risks to the security, confidentiality and/or integrity of any electronic, paper or other records containing Sensitive Information.

h) Supplier must regularly monitor its security measures to identify and assess reasonably foreseeable risks to the security, confidentiality and/or integrity of Sensitive Information and to ensure that its information security program is operating in a manner reasonably calculated to prevent unauthorized access to or unauthorized use of Sensitive Information, and to ensure that the security program continues to comply with applicable laws. Supplier will promptly notify Verizon of any findings of deficiencies in its security program and of its plans mitigating such deficiencies, and Supplier will upgrade its information security safeguards as necessary to minimize the risks associated with those deficiencies.

i) Supplier must, no less often than annually, audit each computer (PC or workstation) that is connected to the Verizon corporate network or to Verizon servers to verify that each such computer has the antivirus and firewall capabilities and the periodic updates thereto required in this Exhibit. Supplier must immediately remedy any non-conforming computer before it is reconnected with the Verizon corporate network or a Verizon server. Supplier must maintain the results of such audits, including records of non-conformities found and their remediation, for no less than three years, and provide those results to Verizon on request.

j) Supplier must flow down to all permitted subcontractors the obligation to comply with this Exhibit.

3) Physical Security Requirements (Suppliers conducting information processing of Verizon Sensitive Information at Supplier Premises)

a) Personnel Security

i) To the extent Supplier Staff are provided access to Verizon computers, systems, servers, systems and resources ("Verizon Resources") in order to perform services for Verizon, Supplier must ensure that such staff are notified that they are not entitled to privacy protection if they access such Verizon Resources, and that access to and communications with Verizon Resources may be monitored by Verizon.

b) Facilities Access Control

i) Supplier must have controls in place to allow only authorized individuals into Supplier facilities where Verizon Sensitive Information and/or Confidential Information is stored or is accessible.

ii) Facility access control systems must be secured from tampering, circumvention or destruction.

iii) Facility access control systems must be maintained at all times in functional order and must be updated or changed if they become compromised or ineffective (for example, if keys are stolen, the locks should be changed).

iv) Facility access controls must be Industry Standard, and should include some or all of the following elements:

(1) Issuance of employee or contractor identification badges;

(2) Use of smartcards or other electronic or physical identity verification systems (pin/key access locks, biometrics, etc.);

(3) Use of dedicated security personnel who control access to the Supplier's facilities;

(4) 24x7 main lobby security guard station;

(5) Locks on all ground floor windows;

(6) Alarmed locks on all external doors; and

(7) Use of CCTV on all entrances and entrances to data computing facilities, to include ninety (90) days of video storage.

v) Visitors accessing the facility must be managed in accordance with the following practices:

(1) Visitors to Supplier facilities must be registered in a visitor log. The log should document the visitor's name, the firm represented, and the employee authorizing physical access on the log. The log should be retained for inspection by Verizon for a minimum of three months, unless otherwise restricted by law.

(2) Visitors should be issued temporary identification badges specific to the length of the expected visit in the facility. Visitor identification badges must be returned upon the visitor's departure.

(3) Temporary visitor identification should be noticeably different from Supplier's normal employee and contractor identification.

(4) Supplier must inform employees of the approved formal policies for granting access to visitors at Supplier facilities.

(5) Any visitor to a Supplier facility that accesses areas where Verizon Sensitive Information and/or Confidential Information is stored, processed or transmitted must be accompanied and supervised at all times by a Supplier employee who is specifically authorized to access confidential Verizon data.

(6) Prior to granting a visitor to a Supplier facility access to any computer, server or system containing Verizon Sensitive Information and/or Confidential Information, access by each such visitor must be approved in writing by the designated Verizon contact, and the visitor must be positively identified as the person for whom Verizon has given such approval.

(7) Under no circumstances may visitors be left unattended in an area where they have physical access to equipment that handles Verizon Sensitive Information and/or Confidential Information.

c) Facilities Access Monitoring:

i) The Supplier should utilize appropriate levels of monitoring equipment in public areas of their facilities to ensure the auditing of Supplier facility entry and exit activity can be performed.

ii) For all Supplier access control and monitoring installations, appropriate safeguards and retention of records should be implemented to ensure the integrity of the systems and the availability of the records if the need arises.

d) Separate Information Processing Environments

At a minimum, the following physical security and access controls must be implemented and maintained throughout the terms of the engagement:

i) Verizon Sensitive Information and/or Confidential Information must not be processed on servers that are accessible in general business areas of Supplier's facility and must be isolated in dedicated information processing areas with independent physical, monitoring, environmental and health and human safety systems (referred to as a "Computer Room").

ii) Access to any information processing area where Verizon Confidential and/or Sensitive information is processed must be restricted to authorized Supplier personnel only.

iii) Supplier must implement physical access policies and procedures to ensure that physical access is revoked when it is no longer needed or appropriate (for example, immediately removing access for separated employees or removing access for employees who are no longer authorized to access Verizon Confidential and/or Sensitive Information). Removal of Physical Access should occur in a timely manner not to exceed 24 hours.

iv) Supplier must employ technical and organizational mechanisms to prevent unauthorized copying of Sensitive Information within Information Processing Environments. These mechanisms shall include disabling/restricting local ports so as to prevent downloading of data onto removable USB drives, MP3 players or similar devices, restrictions on uploading or file transfer from the facility to unauthorized recipients, and a prohibition on the use of cameras (excluding CCTV security unit) and other screen capture devices.

e) Computer Room Physical Security Requirements

Computer room facilities where Verizon Sensitive Information and/or Confidential Information is stored, processed or transmitted must implement the following information security controls:

i) All computer room doors must be secured to prevent unauthorized access into the room.

ii) Each computer room door must have signs on both sides indicating it is to be closed and locked with a contact to notify if it is found unsecured.

iii) Supplier Staff must be instructed to immediately report unsecured doors.

iv) Supplier must implement a reliable process of designating staff access to Computer Rooms.

v) Supplier Staff should only be authorized to enter a Computer Room for a legitimate business need and a record of the individual's identity, justification and duration of access should be maintained.

vi) A separate electronic access control system utilizing strong authentication should be installed on Computer Room doors that will only allow authorized personnel access to the room, unless access to the room is controlled 24 hours a day, 7 days a week, by a guard.

(1) The access control system must be secured against tampering.

(2) The access control system must log the entry and exit of staff for each time the door is opened. Entry and exit logs should contain a reliable time stamp, room location and identification of the person who gained access or exited the room.

(3) The access control system should alert security staff in the event that a secured door has been open beyond a reasonable amount of time (for example, by being propped open and unattended).

vii) Supplier should periodically review access records to ensure that access controls are being enforced effectively. Any discrepancies or unauthorized access must be investigated immediately by Supplier information security personnel and reported to the Verizon Sponsor.

viii) Supplier should periodically review CCTV video storage to ensure that access controls are being enforced effectively to prevent unauthorized entry. Any unauthorized access must be investigated immediately by Supplier information security personnel and Supplier must provide Verizon notice of such breach of security in accordance with this Exhibit.

f) Asset Disposal and Reclamation

i) Upon conclusion or termination of Supplier's work for Verizon, at Verizon's option Supplier must either:

(1) Sanitize or Destroy all copies of all Verizon information maintained under the Agreement or an applicable Order or Statement of Work (collectively, "work agreement"), including all backup and archival copies, or

(2) return to Verizon all copies of all Verizon information maintained under work agreement, as well as all backup and archival copies.

ii) When no longer required for performance under the Agreement and prior to disposition, recycle, or resale, electronic and non-electronic (hardcopy) media containing Verizon Sensitive Information and/or Confidential Information shall be rendered unreadable and unrecoverable by Sanitization or Destruction.

iii) All non-electronic media containing Verizon Sensitive Information and/or Confidential Information must be Destroyed utilizing a cross cut shredder.

iv) All electronic media containing Verizon Sensitive Information and/or Confidential Information shall be destroyed or rendered unusable when such information is no longer required for performance under this agreement and prior to disposition, recycle or resale, using methods that prevent access to information stored in that type of media. At minimum, media containing Verizon Sensitive Information and/or Confidential Information shall be "sanitized" in accordance with NIST Special Publication 800-88. Although Verizon prefers that data be disposed of in a manner consistent with "Destruction", at a minimum, electronic media that at any point contains Verizon Confidential and/or Sensitive Information must be disposed in a manner consistent with "Sanitization" requirements in the NIST standard. Additionally the following minimum standards must be met:

(1) All tape must be incinerated or degaussed with a degausser that meets the performance standards provided by the US National Security Agency (NSA) which can be found at http://www.nsa.gov/ia/_files/Government/MDG/NSA_CSS-EPL-9-12.PDF.

(2) When Sanitizing magnetic or flash media, the preferred method of Sanitization is to perform a Secure Erase (to be used only for ATA Drives and SCSI drives, where technically feasible - available from the University of San Diego CMRR, at

http://cmrr.ucsd.edu/people/Hughes/SecureErase.shtml). Alternatively, if Secure Erase is technically inappropriate or is not used, a minimum of a three pass block erasure shall be utilized that removes the data from magnetic disk media by sequentially overwriting all addressable locations in the following manner, and then verifying the same by a disk read: (i) overwriting with a random pattern; (ii) overwriting with binary zeros; and (iii) overwriting with binary ones. The National Institute of Standards and Technology and Federal Agencies Security Practices initiative (FASP) have specified the Active KillDisk software, http://www.killdisk.com/eraser.htm, as a compliant sanitization tool for IDE, SCSI and ATA drives.

(3) Optical Disk media must be destroyed.

(4) Removal of non-functional electronic storage media: Non-functional electronic storage media (e.g., a failed drive) may not be capable of Sanitization, and therefore must be either returned to Verizon or Destroyed. When removing non-functional electronic storage media from a Verizon or Supplier facility, Supplier may Destroy the media onsite prior to removal as specified herein. If the electronic storage media are not Sanitized or Destroyed, and must be removed from the Verizon or Supplier premises without such sanitization or destruction, Supplier shall utilize Secure Transportation to a Verizon or other disposal site. Supplier shall track disposition of the media (e.g., Destroyed by Supplier, Sanitized by Supplier, conveyed to a Verizon-authorized third party for Destruction, etc.) and provide to Verizon a Certificate of Sanitization (COS) and/or Certificate of Destruction (COD) upon completion of the Sanitization, or Destruction.

v) Required Records: Supplier shall maintain records at the serial number level for four years of all receipts and disposition which identify the media (or computing assets) being processed. All records pertaining to the disposition of each of the media or computing assets must be available for audit and verification by Verizon during this four year period. The Supplier must provide reports monthly to Verizon

g) Shipment of Sensitive Information:

i) Non-Electronic Sensitive Information: Whenever possible, Sensitive Information in non-electronic form should be converted to electronic form for secure transmission in accordance with this Exhibit, and all non-electronic hard copies Destroyed as specified in this Exhibit. If such conversion is impracticable, Sensitive Information in non-electronic hardcopy form must be shipped in the United States using U.S. Postal Service Registered Mail with return receipt, or the substantial equivalent thereof by a licensed overnight courier or delivery service. Any shipment of Sensitive Information in non-electronic (hardcopy) form between a United States and foreign point must be specifically pre-approved by Verizon in writing and must be shipped in accordance with such instructions as Verizon provides in its approval.

ii) Electronic Media containing Sensitive Information: If electronic media containing Sensitive Information are shipped, the Sensitive Information must be encrypted using Storage Encryption unless shipped in accordance with the Secure Transportation requirements herein.

4) <u>Logical Security Requirements (Suppliers conducting information processing of Verizon Information)</u>

a) Logical Access Control

Supplier must develop logical access controls for all computing systems handling Verizon Confidential and/or Sensitive Information. Logical Access controls must include:

i) The assured enforcement of authentication controls to limit access to information systems to only those individuals who are currently active and who are authorized to access a given information system.

ii) A secure and reliable method of enforcing authorization controls which limit access to Verizon Sensitive Information and Verizon Confidential Information to only previously-authorized Supplier Staff.

iii) Use of the "principle of least privilege" model for access, enabling Supplier personnel to access only such information and resources as are necessary when they perform under the Agreement for the role assigned to the authorized user,

iv) A process of controlling User IDs and other identifiers to ensure they are unique among users and are not shared.

Note: Sensitive Personal Information must not be used as an authentication or an authorization mechanism to obtain a password, or for log in rights or for access to any application, system, website or database owned or operated by Verizon or on Verizon's behalf. The last four digits of a Social Security number, passwords, PINs, challenge responses and/or access codes are permitted to be used for such purposes in conjunction with other data.

v) A process which will immediately terminate access by an employee or contractor who no longer requires access to perform under the Agreement (e.g., a terminated or reassigned employee/contractor).

vi) Periodic review of access, authorization and other applicable monitoring logs on all systems to ensure the access control and authentication systems are performing as expected.

vii) Processes that utilize industry standard password selection and aging procedures to limit opportunities for compromise of password security. Such password procedures should include but not be limited to the following:

(1) A process to ensure that no user or information system may utilize Supplier-supplied default account passwords.

(2) A secure method of assigning and selecting passwords or other unique identity validation values, such as biometric registration values or the issuance of one-time-password token devices.

(3) Limit repeated access attempts by locking out the user ID after not more than six (6) attempts with a thirty (30) minute minimum lockout duration

(4) Verification of user identity before password resets;

(5) All passwords must be have first-time passwords set to a unique value for each user and change immediately after the first use;

(6) Inactive accounts must be disabled after 90 days;

(7) Password must be changed at least every ninety (90) days;

(8) Passwords must be at least eight (8) characters and must include letters and numbers;

(9) Supplier must require users to submit passwords that are different than any of the last four (4) passwords the individual has used;

(10) If a session has been idle for more than fifteen (15) minutes, require the user to re-enter the password to reactivate the terminal.

(11) Control and encrypt with a 1-way hash, data security passwords to ensure that such passwords are kept in a location and/or format that does not compromise the security of the data they protect.

b) Access Logging and Monitoring

i) Supplier must maintain electronic logs of persons accessing Verizon Confidential and/or Sensitive Information depicting the details of the access and transactional changes made.

ii) Logs must be maintained for inspection by Verizon for a minimum of ninety (90) days.

iii) Logs shall be stored centrally on Supplier owned or controlled systems that cannot be altered by users or privileged users.

iv) At a minimum logs shall capture the following information for all access to Verizon Confidential and/or Sensitive Information:

(1) Unique user ID;

(2) Login/Logout time;

(3) System/data set accessed;

(4) Failed login attempts;

(5) Activity (for privileged users such as data base administers, system administrators, etc.) including changes to permissions, changes to data, etc.)

v) Access logs shall be reviewed by Supplier at least daily and provided to Verizon for inspection upon reasonable request. Alternatively, log parsing tools which automatically generate alerts based on information security rules may be utilized provided that alerts are reviewed and appropriate action is taken, at least daily.

c) Network and Communications Security

The Supplier must develop and implement network and communications security policies, procedures and technology to control and detect potential network and communications information security system issues and failures.

At a minimum, Supplier must have:

i) Firewall controls at appropriate points in the Supplier network to control the ingress and egress of communications and data to environments containing Verizon Sensitive Information and/or Confidential Information. At a minimum, Network Firewalls must protect all connections to open, public networks. System Security Patches and updates for Firewalls must be implemented in a timely manner not to exceed 30 days following release.

ii) Supplier must employ industry standard intrusion detection systems (IDS) for any environment into which Sensitive Information will be placed.

(1) Network IDS must be placed on network connection points between the Supplier environment containing the Verizon Confidential and/or Sensitive Information and other network environments. Alternatively, Host- Based IDS may be placed on all computing assets storing, processing or transmitting Verizon Confidential and/or Sensitive Information.

(2) IDS must be configured with business rules appropriate to the environment and must be configured to generate alerts immediately.

(3) Signatures and software for IDS must be kept current and up to date.

(4) IDS alerts must be reviewed at least daily by trained security personnel.

iii) System Segmentation

(1) Information systems storing, processing or transmitting Sensitive Information must be logically isolated from systems that handle other companies' information. For example, Supplier must use separate database server instances for the processing of Verizon data or must use separate virtual operating system images than those used or accessed by other companies who the Supplier may also service.

(2) At no time may Verizon Sensitive Information and/or Confidential Information be housed on a server shared by companies other than the contracting Supplier. For example, a shared web server that is used by several companies and maintained by an Internet Service Provider must not be used to house Verizon data. This requirement also applies to "cloud-based" services.

(3) Internet-facing web servers must be dedicated to this task, and must not host internal (intranet) applications for the Supplier.

iv) Transport Encryption for all electronic communications that contain Sensitive Personal Information, and Transport Encryption for Verizon Confidential and/or Sensitive Information that traverses networks outside of the direct control of the Supplier or Verizon (including, but not limited to, the Internet, WI-FI and mobile phone networks).

v) Transport encryption of all data containing Sensitive Information to be transmitted wirelessly.

vi) Policies, procedures and appropriate technology solutions to ensure all systems receive and apply the most current security updates on a regular basis.

vii) No remote access to Sensitive Information, from home or other location that is not at the premises of the Supplier or Verizon shall be permitted without the specific authorization of Verizon, and such authorization will be conditioned on measures that maintain the security of such Sensitive Information and that prevent unauthorized access thereto, or unauthorized copying or retention thereof. All remote access to Sensitive Information must require Strong Authentication and Encrypted transmissions.

viii) Logical Security Requirements when connecting Supplier controlled devices to Verizon Networks

(1) All Supplier Devices to be used to connect to the Verizon Network must be either provided by Verizon or alternative must be owned or leased by the Supplier (personally-owned equipment may not be used to perform work for Verizon).

(2) Supplier personnel accessing Verizon networks must not have any concurrent access to other non-Verizon networks from their workstation(s) while connected to Verizon's Network unless that access is through the Verizon Network.

(3) All computing device remote access to the Verizon Network must utilize approved Verizon Virtual Private Networks including Client-based access, transport encryption and strong authentication.

(4) Supplier Devices must not traverse any unencrypted wireless networks while attaching to the Verizon network. All wireless connections should utilize transport encryption utilizing WPA2 in enterprise or PSK mode at a minimum (WEP encryption is not permitted).

d) Information Systems and Device Management

i) General Requirements

(1) All Supplier Devices used to store, process or transmit Verizon Confidential and/or Sensitive Information, and/or to provide information services to Verizon in connection with work under the Agreement, must either be provided by Verizon or alternatively, must be owned or leased by the Supplier (personally-owned equipment may not be used to perform work for Verizon).

(2) All assets controlled by Supplier used to perform work for Verizon must be tracked using an inventory management system including the following information.

   a. Name, location, retention schedule, and Verizon-assigned data classification level (as described in the Verizon Data Classification in Section 6 of CPI-810) of the information asset such as a database or file system.

   b. A knowledgeable individual owner of each information asset (the default owner of an information asset is its creator)

   c. Computer systems (i.e. Servers – Host Name/IP Address) that house Verizon data

   d. Storage encryption status for any Sensitive Information (both at rest and on any back up media).

(3) All Supplier Devices used to perform work for Verizon should be centrally managed by the Supplier.

(4) All Supplier Devices used to perform work for Verizon must be managed for the application of operating system and applicable software patches. Critical operating system and software security patches must be installed in a timely manner not to exceed one (1) month following release for public availability.

(5) All Critical Security Patches for workstations shall be installed within 7 days of publication from the software or hardware vendor.

(6) All Supplier Devices shall have current antivirus software installed (if technically feasible) and configured to check for updates on a daily basis at a minimum.

(7) All Supplier Devices that connect to the Internet shall have a personal firewall or its equivalent enabled and configured to only allow connections to authorized business applications. By default, the personal firewall must use a default deny rule that blocks inbound traffic that is not specifically allowed in the course of a specific communication

(8) All Supplier mobile computing devices (notebook computers, PDAs, etc.) and portable storage devices (portable drives, flash drives, thumb drives, optical disc media, etc.) used to store or process Verizon Sensitive Information and/or Confidential Information must have "whole disc" or other device Storage Encryption enabled for internal as well as peripheral and removable media. Encryption keys for mobile computing devices and portable storage devices must be kept in escrow and sufficiently protected by the Supplier to enable forensic recovery of data on any protected device. Whole disk Encryption should be implemented with a Pre-Boot authorization configuration.

(9) Supplier personnel must not communicate, store or process any Verizon confidential data on any email, storage or processing

repository that is outside of the direct ownership and control of Supplier. For example, the use of personal web email accounts, web-based backup services, Internet-based document editing or public cloud-based computing services are prohibited without express written permission from the Verizon Sponsor.

(10) Sensitive Information data should not be stored or used in testing or other non-production environments. If this use is required, an authorized exception permitting such use must granted in writing by Verizon, and such data must either be (a) masked so that it no longer meets the definition of Sensitive Information, or (b) protected using controls against unauthorized access, copying or viewing that are comparable to those required for the protection of Sensitive Information in production environments.

ii) Data Storage Requirements

(1) Data Obfuscation

a. All Sensitive Personal Information and Personally Identifiable Information at rest must be encrypted using Storage Encryption. CPNI-PI should also be encrypted using Storage Encryption. Storage Encryption of the device on which such information is stored will satisfy these requirements.

b. Data Replacement (e.g. SAFE) or field level masking may be acceptable methods of obfuscation. Such methods must be approved in writing by Verizon prior to implementation.

(2) Encryption Key Management

a. Supplier shall implement key and seed management procedures that enable Verizon Confidential or Sensitive Information to be retrieved if the person who encrypted such data is unable or unwilling to decrypt the data.

b. Keys and seeds shall be properly protected, using either physical procedures including very limited access control, separation of duties and logging/monitoring key access or encryption no less robust than is required for Supplier's own most highly confidential or Sensitive Personal Information and not accessible by unauthorized personnel.

c. Additionally, Supplier shall require split keys for all key encryption such that one person does not have the full key for any data encrypted at rest. Generally, Encryption Keys should also be encrypted.

d. Supplier shall maintain a written and tested process for key rotation on a periodic basis (at least annually) or in event of compromise (does not apply to keys for data stored in offsite backup).

iii) Data Backup Requirements

(1) Verizon Sensitive Information and/or Confidential Information must be backed up on separate tapes/drives than data belonging to or accessed by other companies.

(2) Backups must be encrypted with Storage Encryption that accommodates key escrow by supplier

(3) Backup media must be physically secured against theft or tampering and must implement physical controls that comply with all applicable state and federal requirements.

(4) Chain of custody records must be maintained for all backup media containing Verizon Sensitive Information and/or Confidential Information moving to offsite storage of backups

(5) Supplier must ensure that all backup media is tracked and must ensure that contractual data destruction requirements can be met.

5) Coding Practices

a) Supplier must disclose to Verizon all open source code utilized to develop custom code and provide Verizon an opportunity to review all such open source code prior to its utilization within or with custom developed code.

b) Supplier shall implement peer review throughout the development process and make use of code review tools to ensure secure coding and to identify malicious code or code misconfigurations.

6) Business Continuity Planning/Disaster Recovery (BCP/DR) for Suppliers performing Information Processing at Supplier Locations

a) So that the business processes may be quickly re-established following a disaster or outage, Supplier must maintain an updated inventory of all critical production systems and supporting hardware, applications and software, projects, data communications links, and critical staff at both primary and secondary sites.

b) To the extent Verizon has contracted for BCP/DR services from Supplier, Supplier must ensure preparation, maintenance, and regular test of a BCP/DR plan that ensures that all critical computer and communication systems will be available in the event of emergency or a disaster, and meet service level and recovery time and recovery point objectives.

c) To the extent Verizon has contracted for BCP/DR services from Supplier, BCP/DR plans must be tested at least annually, and all test results must be periodically reported to Verizon.

d) Any emergency event-related disruption of business activities must be reported forthwith to a designated Verizon contact.

7) Notification of Breach of Security

a) Supplier must maintain an internal or third-party professional security service with the capability of investigating, responding to and mitigating any potential or actual security incidents within Supplier's area of operations that involves Verizon Sensitive Information and/or Confidential Information throughout the period of time in which Supplier maintains such information in its systems or facilities (or those of permitted subcontractors).

b) The supplier's incident response team must have documented formal procedures that comply with Industry Standards and applicable laws addressing investigation and response to information security incidents. The procedures must include documentation describing the steps taken to correct discovered breaches.

c) Supplier's information security policies and procedures must require the immediate reporting of suspected or actual violations of policy to an appropriate Supplier security contact.

d) Supplier must establish and maintain an easily understandable procedure for Supplier Staff to report security incidents to an appropriate Supplier security contact, and for such information to be reported to a designated Verizon contact.

e) Supplier must as soon as practicable, not to exceed two hours following discovery of an unauthorized disclosure or security breach, notify and update Verizon via electronic mail to security.issues@verizon.com such of such disclosure or breach, with confirmation sent to the contract notice addressee set forth in the Agreement by the means set forth therein, of:

   i) Any Security Breach or other actual or threatened unauthorized access or release of Verizon Sensitive Information or Confidential Information or to the systems holding or providing access to such Verizon information.

   ii) Any occurrences of viruses and malicious code, not mitigated by deployed detection and protection measures, on any workstation or server used to provide services under the Agreement or applicable statement of work or Order thereunder.

f) Following notification to Verizon in accordance with the previous subsection, or notification to Supplier by Verizon of a security incident or breach that Verizon reasonably believes was caused by Supplier, Supplier must: provide regular updates to Verizon; investigate the incident or potential breach of security; report the results of such investigation to Verizon; cooperate with Verizon in any Verizon investigation of the breach and the effects thereof; allow Verizon to inspect Supplier computers that Verizon reasonably believes caused or were involved in the breach; and implement corrective measures to prevent future breaches.

g) Notwithstanding its notification(s) to Verizon, Supplier must comply with all applicable notification requirements imposed by law, including but not limited to notification requirements under federal and state laws protecting privacy.

8) Audit Compliance and Verizon's Right to Audit Supplier Operations

a) Supplier must be prepared to provide necessary confirming documentation in support of Verizon's external audits (such as Sarbanes-Oxley or PCI) upon Verizon's request pursuant to the terms of the Agreement.

b) Supplier must permit Verizon to audit its security controls periodically, not more than once per calendar year or other period specified in the Agreement, and reasonably cooperate with Verizon in such audit.

c) Supplier must provide copies of relevant security policy, process, and procedure documents to Verizon for review and audit purposes upon request. Verizon may review and recommend reasonable changes, and Supplier must amend the policies or respond with mitigating controls and responses within a reasonable time period for mutually agreed to changes.

EXHIBIT C- 2 – VERIZON WIRELESS NETWORK SECURITY REQUIREMENTS

1. DEFINITIONS

The terms defined in this Section shall have the meanings set forth below whenever they appear in this Exhibit, unless the context in which they are used clearly requires a different meaning or a different definition is described for a particular Section or provision:

1.1. "Confidential Information" shall mean: Verizon customer data and proprietary network information, data pertaining to Verizon systems, networks, services, and the security controls implemented on those systems and networks, data pertaining to Verizon employees, Verizon proprietary and/or trade secret information, and any other information or data labeled as confidential or proprietary under the terms of the Agreement.

1.2. "Industry-standard" shall mean: an accepted set of best practices that are (1) used or adopted by a substantial number of companies that are engaged in a similar type of business ("comparable companies") to manage information of a similar type; (2) prescribed for use by a governing industry standards body or group; or (3) established by recognized experts in the field as being acceptable and reasonable.

1.3. "Penetration Test" shall mean: part of the Risk Assessment Process whereby highly skilled, experienced and trained person(s), known as "white-hat hackers", engage in a coordinated and planned attack on computer systems and networks to discover potential vulnerabilities and ensure the logical controls can withstand deliberate attempts to be circumvented.

1.4. "Program" shall mean: the documented and exercised processes and procedures for accomplishing common objectives and monitoring such accomplishment, which may be updated from time to time.

1.5. "Risk Assessment Process" and "Risk Assessment" shall mean: a documented and exercised process used to identify the risks to system security and determine the probability of occurrence, the resulting impact, and identify additional safeguards or modifications that would eliminate and/or adequately mitigate this impact.

1.6. "Risk Management Program" shall mean: the documented and exercised process for identifying, controlling, and mitigating information system related risks. It includes Industry-standard qualitative and/or quantitative Risk Assessment Process; cost-benefit analysis; and the selection, implementation, testing, and evaluation of safeguards, including a determination of steps required to meet the four security goals of Security Assurance.

1.7. "Security Assurance" shall mean: grounds for confidence that the four security goals (i.e., integrity, availability, confidentiality, and accountability) have been adequately met by a specific computer system. "Adequately met" includes (1) functionality that performs correctly, (2) sufficient protection against unintentional errors (by users or software), and (3) sufficient resistance to intentional penetration or bypass.

1.8. "Threat-source" shall mean: either (1) intent and method targeted at the intentional exploitation of a Vulnerability or (2) a situation and method that may accidentally trigger a Vulnerability.

1.9. "Threat Analysis" shall mean: the examination and documentation of threat-sources against system Vulnerabilities to determine the potential threats applicable to a specific computer system in a particular operational environment.

1.10. "Vulnerability" (or "Vulnerabilities" in the plural) shall mean: a flaw or weakness in computer system functionality, design, implementation, internal controls, or security procedures that could be exercised (accidentally triggered or intentionally exploited) and result in a security breach or a violation of the system's security policy.

2. GENERAL REQUIREMENTS

2.1. This Security Requirements Exhibit ("Exhibit") is applicable to all relevant aspects of Supplier's performance under the Agreement , including without limitation the development, offering, use and/or maintenance of any service, software or other product there under, and any future releases, versions, updates, enhancements and modifications thereto ("Software" or "Hardware", as the case may be).

2.2. Supplier will at all times implement and maintain Industry-Standard administrative, physical and technical security controls, which will be followed in all relevant aspects of Supplier's performance under the Agreement. Such controls will be sufficient in nature and scope to protect (1) the confidentiality, integrity and availability of Verizon's Confidential Information as well as (2) the availability and integrity of Verizon's service, network and operations.

2.3. Supplier shall comply with the administrative, physical and technical security controls as described in this Exhibit and in Verizon's Security Standards & Policies ("Verizon Policies"). Supplier shall request from Verizon all revised and additional Verizon Policies applicable to Supplier's Software and Hardware before execution of each new work order.

2.4. Notwithstanding anything to the contrary, for such changes or additions to Verizon Policies applicable to Supplier's Software and Hardware, the parties shall review such documentation for change and exceptions that impact the Software or Hardware. A Change Request may be required for implementation by Supplier of any such changes to the Verizon Policies.

2.5. For each given Authorization Letter, Verizon Policies applicable to the Software and Hardware supporting the Platform under such Authorization Letter shall be set forth in an exhibit to the Authorization Letter as well as any exceptions to this Exhibit or other terms and conditions agreed upon by the Parties pertaining to Verizon Policies or the Information Security Policy.

3. CONFIDENTIAL INFORMATION

3.1. Supplier warrants that Verizon's Confidential Information shall only be used for the purposes specified under the Agreement. Supplier's obligation to protect Verizon's Confidential Information in accordance with the provisions of this Exhibit shall survive indefinitely. Upon expiration or termination of the Agreement, Supplier shall promptly return and/or securely destroy all Verizon Confidential Information except as required by law.

3.2. Supplier shall take appropriate measures to secure Verizon Confidential Information, both during transit and in storage by using Industry-standard mechanisms for protection (e.g., encryption). This protection shall also include all forms of portable media (e.g. flash/usb drive, laptop, CD, DVD, Blu-ray, portable hard drive, cell/smart phone, MP3 player and etc.)

4. INFORMATION SECURITY POLICIES AND PROGRAM

Supplier shall implement and maintain a comprehensive and Industry-standard Risk Management Program, including without limitation the following:

4.1.1. Supplier shall have an information security policy which describes the security and privacy controls that Supplier currently implements in its operations to comply with all applicable Verizon Policies and this Exhibit ("Information Security Policy"). Supplier shall establish and maintain a Risk Management Program to implement its Information Security Policy, which shall include without limitation the following:

4.1.1.1. A Risk Assessment Process which shall ensure that Supplier's operating environment, development environment, systems, applications, networks and procedures are regularly evaluated to identify and remediate security Vulnerabilities.

4.1.1.2. A Program for intrusion and security breach detection, prevention and incident response.

4.1.1.3. A Program for configuration management of systems, network and applications.

4.1.1.4. A Program for the implementation and administration of logical access control(s) to data, systems and network.

4.1.1.5. A Program for the implementation and administration of physical access control(s) to facilities and data.

4.1.1.6. Supplier shall, at minimum, annually review the Risk Management Program using an internal or external auditor to assess compliance with the requirements under its Information Security Policy.

5. SECURE DEVELOPMENT LIFECYCLE

Supplier's controls associated with the development, pre-production testing and delivery of any and all Software and Hardware shall include, without limitation, Supplier's obligation to:

5.1. Implement Industry-standard security controls for its operating environment, systems, networks and all facilities in which the Software is being developed and/or hosted.

5.2. Develop, implement, and comply with Industry-standard secure coding best practices.

5.3. Establish processes, including as appropriate, using Vulnerability source code scanners, operating system security benchmarking tools, web application scanners or other tools or techniques, or information acquired through Industry-standards organizations, to assess the Software or Hardware for security Vulnerabilities prior to production release.

5.4. Follow Industry-standard practices to mitigate and protect against all known and reasonably predictable security Vulnerabilities, including but not limited to: (1) unauthorized access, (2) unauthorized changes to system configurations or data, (3) disruption, degradation, or denial of service, (4) unauthorized escalation of user privilege, (5) service theft, and (6) unauthorized disclosure of Confidential Information.

5.5. Supplier must ensure all security features and configurations survive any update, modification or upgrade to Software and Hardware or are replaced with features and configurations that meet the requirements of this Exhibit, unless prior written consent is obtained from Verizon.

6. SECURITY ASSURANCE

Supplier shall maintain a Risk Assessment Process which demonstrates the Security Assurance of Supplier's Software and Hardware. This Process shall include, but is not limited to:

6.1. Supplier must, at Verizon's cost, coordinate and conduct a Risk Assessment of its Software and Hardware using a Certified Verizon third-party security testing vendor. This Risk Assessment must be completed **** prior to the initial delivery of Supplier Software and Hardware, respectively or as otherwise agreed upon by the Parties in writing. Supplier shall thereafter, at Verizon's cost and discretion, repeat this Risk Assessment at the earlier of (1) every major version release or (2) annually for all Software and Hardware deployed in the Verizon network or hosted by Supplier. This Risk Assessment shall include the following:

6.1.1. A Threat Analysis of the Software and Hardware

6.1.2. A Penetration Test of the Software and Hardware

6.1.3. A Risk Assessment of the administrative, technical, logical and physical security controls of the pertinent operating environment, systems, networks, and facilities where Software and Hardware is hosted, if hosted by Supplier.

6.2. Supplier must resolve all high and medium risk Vulnerabilities identified in the Risk Assessment Process prior to production release except as otherwise specified by Verizon in writing. At Verizon request, Supplier shall provide to Verizon a documented resolution timeline **** before production release for all remaining Vulnerabilities to be remediated post production. This document shall include the date by which each Vulnerability will be remediated.

6.3. Verizon may request a copy of the scope of work from the above third-party Risk Assessment Process (Section 6.1). Supplier shall deliver this document to Verizon within **** of the initial request.

7. SECURITY BREACH AND INCIDENT RESPONSE

7.1. Supplier shall establish and maintain documented escalation processes for any security breaches and incident responses, including procedures for notifying Verizon within twenty-four (24) hours after a security breach is discovered where such breach may negatively affect Verizon's reputation, Confidential Information, systems, network, services, data, assets, and/or customers.

7.2. Supplier shall not notify any other parties that an actual or suspected security breach affects Verizon without prior written consent by Verizon, except to the extent required by law.

7.3. Supplier shall cooperate and provide information as required by Verizon and any authorized consultants, contractors, attorneys, or other third parties hired by Verizon to investigate a security breach of Supplier's operating environment.

7.4. In the event of a security breach affecting Verizon, Supplier must issue a post mortem report to Verizon within forty-eight (48) hours of breach discovery that includes (1) the identification of all Verizon information potentially compromised by such breach; (2) the actions taken by Supplier to mitigate damage caused by the breach; and (3) safeguards implemented to prevent a recurrence of such breach.

8. RIGHT TO RISK ASSESSMENT

8.1. Verizon, at its sole cost, reserves the right to perform a Risk Assessment of Supplier Software and Hardware. At the discretion of Verizon, the Risk Assessment may occur on an annual basis, or upon each new release of Software and/or Hardware and may include without limitation, Vulnerability assessments and Penetration Tests of: (1) the Software and/or Hardware; (2) the underlying infrastructure and operational environment in which the Software and/or Hardware is running or hosted; (3) network and facilities related to the operation or maintenance of the Software and/or Hardware; and (4) Supplier's administrative, technical and/or physical controls related to such Software and/or Hardware. For Risk Assessments or Penetration Tests that require Supplier's involvement, resources, facilities or systems, the parties will mutually agree as to (1) the extent of Supplier's involvement; (2) those resources, facilities or systems of Supplier's that would be required; and (3) the schedule for such Risk Assessment or Penetration Tests.

8.2. Verizon's asserted right to conduct its own Risk Assessment shall in no way replace or substitute for Supplier's own Risk Assessment Process or the requirements contained within this Exhibit. At the discretion of Verizon, a third party security vendor may be used to conduct such Verizon Risk Assessment.

9. VULNERABILITY MANAGEMENT

Supplier shall implement and maintain a comprehensive and Industry-standard Vulnerability Management Program. Supplier shall maintain dedicated employee(s) to monitor pertinent channels of public vulnerability disclosure (e.g. the NIST National Vulnerability Database) which affect Supplier Software or Hardware. This Program shall include, but is not limited to (1) the underlying platform (e.g., operating system, database product, web server and etc.); (2) all third-party and (3) open-source software included as part of Supplier Software and Hardware. This Program shall include, but is not limited to:

9.1. Supplier shall provide dedicated employee(s) to liaison with the Verizon Vulnerability Management personnel.

9.2. Supplier shall resolve identified Vulnerabilities in Supplier Hardware and Software at Supplier expense.

9.3. For Supplier Software or Hardware within the Verizon network and managed by Verizon, Supplier shall deliver to Verizon a regression tested patch within **** from the date the Vulnerability was initially disclosed or the date Supplier was notified by Verizon.

9.4. For Supplier Software or Hardware hosted within the Verizon network and managed by Supplier, Supplier shall implement in production a regression tested patch within **** from the date the Vulnerability was initially disclosed or the date Supplier was notified by Verizon.

9.5. For Supplier Software or Hardware hosted externally to the Verizon Network, Supplier Shall implement in production a regression tested patch within **** from the date the Vulnerability was initially disclosed or the date Supplier was notified by Verizon.

EXHIBIT C-3 CLOUD SECURITY REQUIREMENTS

Production / Non-Production Segregation of Cloud Duties: Production and non-production cloud environments shall be kept separate to prevent unauthorized access or changes to information assets, particularly in the case of Cloud and virtualization administrators with privileged access.

Wireless Security. Policies and procedures shall be established and mechanisms implemented to protect access to cloud architectures from unauthorized wireless access, including the following:
1) Firewalls implemented and configured to restrict unauthorized traffic
2) Essential security settings enabled with strong encryption for authentication and transmission, replacing vendor default settings (e.g., encryption keys, passwords, SNMP community strings, etc.).
3) Logical and physical user access to wireless access points restricted to authorized personnel
4) The capability to detect the presence of unauthorized (rogue) wireless network devices for a timely disconnect from the network

Shared Networks and/or Applications. Access to systems with shared infrastructure shall be restricted to authorized personnel in accordance with security policies, procedures and standards. Networks and/or applications shared with external entities shall have a documented plan detailing the compensating controls used to separate network traffic and application access between organizations.

Clock Synchronization. A standard NTP time source must be used to synchronize the system clocks of all cloud-based information processing systems within the organization or explicitly defined security domain to facilitate tracing and reconstitution of activity timelines.

Mobile Code. Mobile code (i.e. code shared between cloud and client devices or software) shall be authorized before its installation and use, and the configuration shall ensure that the authorized mobile code operates according to a clearly defined security policy. All unauthorized mobile code shall be prevented from executing.

EXHIBIT D - DISASTER RECOVERY PLAN

EXHIBIT E – COMPLIANCE WITH MINORITY, WOMAN-OWNED, AND SERVICE-DISABLED VETERAN BUSINESS ENTERPRISES (MWDVBE) UTILIZATION

Primary Supplier Commitment

A. Supplier Commitment.

1. The Supplier (hereinafter "Primary Supplier") agrees to provide opportunities for suppliers identified and Certified as a Minority, Woman, and Service-Disabled Veteran - owned and controlled Business Enterprises (hereinafter "MWDVBE"), in accordance, at a minimum, with the terms and conditions of this Exhibit.

2. In addition, if the scope of this Agreement includes the provision of products or performance of services for or in conjunction with a Verizon Federal government agreement, the then-current Federal Acquisition Regulations (FAR) requirements regarding MWDVBE subcontracting and reporting shall also apply.

3. In the event that a change in ownership results in a change of Supplier or subcontractor's status as a Certified MWDVBE, Supplier shall notify Verizon in writing within **** of such change.

B. Definitions.

1. Certified - Currently certified as MWDVBE by an authorized certifying body, such as the National Minority Supplier Development Council (NMSDC) or its affiliate regional councils, the Women's Business Enterprise National Council (WBENC) or its affiliate regional councils, the California Public Utility Commission (CPUC) Clearinghouse, or other similar local, state, or federal certifying body.

2. Control - Having overall fiscal/legal responsibility and exercising the power to make policy decisions.

3. Owned - At least fifty-one percent (51%) of the business or, in the case of a publicly owned business, at least fifty-one percent (51%) of the stock is owned by a minority, woman or service-disabled veteran. Transfer of ownership to or purchase of an existing business by a minority, woman, or service-disabled veteran by a non-minority who remains actively involved in the operation of the business does not qualify as a MWDVBE.

4. Minority–owned Business Enterprise (MBE) - A business concern in which at least fifty-one percent (51%) of the ownership and control is held by individuals who are members of a minority group and of which at least fifty-one percent (51%) of the net profits accrue to members of a minority group. Such persons include, but are not limited to, Black Americans, Hispanic Americans, Asian Pacific Americans (persons with origins from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the former U.S. Trust Territory of the Pacific Islands (Republic of Palau, the Commonwealth of the Northern Mariana Islands, Republic of the Marshall Islands, Federated States of Micronesia) Laos, Cambodia (Kampuchea), Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru); Subcontinent Asian Americans (persons with origins from India, Pakistan, Bangladesh,

Sri Lanka, Bhutan, the Maldives Islands or Nepal); Native Americans (American Indians, Eskimos, Aleuts, and Native Hawaiians); and members of other groups designated by the U. S. Small Business Administration as minorities.

5. Women-owned Business Enterprise (WBE) - A business concern which is at least fifty-one percent (51%) owned and controlled by a woman or women; or, in the case of any publicly owned business, at least fifty-one percent (51%) of the stock is owned by a woman or by women. Such women's business enterprise shall further be classified as either minority or non-minority women-owned business, depending upon the greater portion of ownership.

6. Vietnam Era Veteran-owned Business Enterprise (VBE) - A business concern that is at least fifty-one percent (51%) owned and controlled, or in the case of a publicly owned business, at least fifty-one percent (51%) of the stock is owned, by an owner or owners who are veterans of the U.S. military, ground, navel, or air service, any part of whose service was during the period August 5, 1964 through May 7, 1975, who (1) served on active duty for a period of more than one hundred and eighty (180) days and were discharged or released with other than a dishonorable discharge, or (2) were discharged or released from active duty because of a service-connected disability. "Vietnam-Era Veteran" also includes any veteran of the U.S. military, ground, navel, or air service who served in the Republic of Vietnam between February 28, 1961 and May 7, 1975.

7. Service-disabled Veteran-owned Business Enterprise (SDVBE) - (1) A business concern that is (a) at least fifty-one percent (51%) owned by one or more service-disabled veterans or, in the case of any publicly owned business, at least fifty-one percent (51%) of the stock of which is owned by one or more service-disabled veterans or, in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran. (2) "Service-disabled veteran" means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected as defined in 38 U.S.C. 101(16).

8. Persons with Disabilities-owned Business Enterprise (DBE) - a business concern that is at least fifty-one percent (51%) owned and controlled, or in the case of a publicly owned business, at least fifty-one percent (51%) of the stock of which is owned by an owner or owners who are disabled as defined by the Americans With Disabilities Act (ADA). This classification can also include agencies that employ fifty-one percent (51%) or more disabled persons.

C. Supplier Diversity Utilization Plan.

1. The Primary Supplier shall submit a Supplier Diversity Utilization Plan ("Plan") for approval by Verizon prior to the execution of this Agreement. The Plan must include a statement that the Primary Supplier will (i) achieve the MWDVBE Percent Commitment as defined in Section E, below, entitled "Primary Supplier MWDVBE Percent Commitment," and (ii) report results utilizing the reporting method described below in Section D, entitled "Reporting."

2. The list of MWDVBE suppliers to be used by the Primary Supplier in its (Contract-Specific) Plan form shall constitute the following:

   (a) A representation by the Primary Supplier to Verizon in regard to the MWDVBE supplier(s) that (a) it intends to use the firm for the work specified in the Plan; (b) on the basis of information known to it and after reasonable inquiry, it believes such MWDVBE supplier(s) to be technically and financially qualified to perform the work specified, and that the firm is available to perform the work; and (c) the MWDVBE supplier(s) identified is currently Certified as an MWDVBE by an authorized certifying body.

   (b) A commitment that the Primary Supplier will enter into a contract with each such MWDVBE supplier (or approved substitutes) in accordance with its Plan.

   (c) A commitment by the Primary Supplier that it will not substitute a MWDVBE supplier listed in its Plan without prior written notification to Verizon. Unless the Primary Supplier has a reasonable belief that use of a designated MWDVBE supplier will potentially cause personal injury or damage to property, or that such MWDVBE Supplier has engaged in illegal or unethical behavior, no substitution(s) of MWDVBE supplier(s) designated on the Plan form may be made without notifying Verizon in writing, citing the specific reason(s) for substitution.

D. Reporting.

1. The Primary Supplier shall report quarterly MWDVBE expenditures by using the "Prime Supplier MWDVBE Quarterly Report" and reporting format specified on the Verizon website at http://www22.verizon.com/suppliers/. For assistance with such reporting, contact Verizon Supplier Diversity at DSR@verizon.com.

2. The Prime Supplier MWDVBE Quarterly Report shall include a) MWDVBE expenditures specific to Verizon contracts (herein, "Direct Expenditures"); and b) Verizon's prorated share of the Primary Supplier's non-contract specific MWDVBE expenditures (herein, "Indirect Expenditures"). Verizon's prorated share of such Indirect Expenditures for the applicable calendar quarter shall be equal to the percentage derived from the following formula: Sales to Verizon / Sales to all customers.

3. Such reports shall be submitted by no later than thirty (30) days following the end of each calendar quarter.

4. This report is intended to provide a mechanism to monitor the Prime Supplier's compliance and progress in achieving its MWDVBE commitments as set forth in this Exhibit.

5. The Primary Supplier will provide:

   (a) A list of the name(s) and address(s) of the Certified MWDVBE suppliers the Primary Supplier has identified to be used in support of this Agreement;

(b) A description of the products/services or scope of work performed by MWDVBE suppliers; and

(c) The percentage or volume of contract work performed by each such firm.

E. Primary Supplier MWDVBE Percent Commitment.

The Primary Supplier shall engage the services of Certified MWDVBE suppliers for an amount equivalent to at least seven percent (7%) of dollars spent under this Agreement during the first year of the Term.

F. Primary Supplier Compliance; Standards and Remedies.

1. Compliance Standards. Verizon has the right to determine compliance by the Primary Supplier with the Plan and the MWDVBE Percent Commitments (hereinafter collectively the "MWDVBE Commitments") established in this Exhibit. Verizon may determine that the Primary Supplier is achieving its MWDVBE Commitments by examining reports received from the Primary Supplier, performing on-site inspections, conducting progress meetings regarding work required by the Agreement, contacting involved MWDVBE suppliers, or through other Verizon actions taken in the ordinary course of administering the Agreement.

2. Updates. An annual update of the Primary Supplier's Plan will be required to ensure compliance with this Agreement's provision for continuous year-over-year improvement.

3. Commitments Not Achieved. In the event that the Primary Supplier's MWDVBE Commitments hereunder are not achieved and the Primary Supplier cannot demonstrate to the reasonable satisfaction of Verizon that commercially reasonable efforts were made to accomplish such MWDVBE Commitments, such failure shall constitute default by the Primary Supplier, and Verizon reserves the right and shall have the option to invoke the termination provisions of this Agreement. Such documentary evidence of commercially reasonable efforts shall include but are not limited to a) advertisement in general circulation media, trade publications and small business media soliciting the performance of services of Certified MWDVBE suppliers related to the field of business regarding the products and/or services which are the subject matter of this Agreement; b) written notification to Certified MWDVBE suppliers requesting proposals specific to the products provided for and/or services performed under this Agreement; and c) written acknowledgment that the Certified MWDVBE suppliers' interest in providing such products and/or performing such services is under consideration. The foregoing rights are in addition to, and not in limitation of, any other remedy Verizon may have at law or in equity. Verizon may also require that, upon request, the Primary Supplier submit additional documentation and information concerning the Primary Supplier's performance in achieving its MWDVBE Commitments and compliance with its Plan.

4. Cure Period for Commitments Not Achieved. Should the Primary Supplier continue to fail in achieving the MWDVBE Commitments of this Agreement, including as amended, after having been given notice of such failure to meet its MWDVBE Commitments, and failing to cure such

MWDVBE Commitments within thirty (30) days of receiving such notice by achieving its requirements, the Primary Supplier shall be in default and no further cure shall be permitted.

5. Supplier Report Card. In addition, the Primary Supplier's ability to achieve its MWDVBE Commitments shall reflect upon and shall contribute to the Primary Supplier's overall grade on the Supplier Report Card or other performance measurement(s).

EXHIBIT F- NONDISCLOSURE AGREEMENT

1. To facilitate discussions, meetings and the conduct of business between the parties with respect to this Agreement, it may be necessary for one party to disclose confidential information to the other. All information of any type or character that is either disclosed to the other party or with which the other party comes into contact shall be considered as the confidential information of the disclosing party including without limitation technical, customer, personnel and/or business information in written, graphic, oral or other tangible or intangible form ("Confidential Information"). Such Confidential Information may include proprietary material as well as material subject to and protected by laws regarding secrecy of communications or trade secrets.

2. Each party acknowledges and agrees as follows:

   a. All Confidential Information acquired by either party from the other shall be and shall remain the exclusive property of the source;

   b. To inform the receiving party, in advance of any disclosure of Confidential Information, in non-confidential and non-proprietary terms, of the nature of the proposed disclosure, and to afford the receiving party the option of declining to receive the Confidential Information;

   c. Information which is disclosed orally shall not be considered Confidential Information unless it is reduced to writing or to a written summary which identifies the specific information to be considered as Confidential Information, and such writing is provided to the receiving party at the time of disclosure or within thirty (30) days;

   d. To receive in confidence any Confidential Information; to use such Confidential Information only for purposes of work, services or analysis related to the matter of mutual interest described above and for other purposes only upon such terms as may be agreed upon between the parties in writing;

   e. To limit access to such Confidential Information to a party's employees, contractors, and agents who (i) have a need to know the Confidential Information in order for such party to participate in the matter of mutual interest described above; and (ii) have also entered into a written agreement with the receiving party which provides the same or greater protections to any Confidential Information provided hereunder. Upon request, Supplier shall provide a copy of such agreements to Verizon; and

   f. At the disclosing party's request, to return promptly to the disclosing party or to destroy any copies of such Confidential Information that is in written, graphic or other tangible form, and provide to the disclosing party a list of all such material destroyed.

3. These obligations do not apply to Confidential Information which, as shown by reasonably documented proof:

   a. Was in the other's possession prior to receipt from the disclosing party; or

   b. Was received by one party in good faith from a third party not subject to a confidential obligation to the other party; or

   c. Now is or later becomes publicly known through no breach of confidential obligation by the receiving party; or

   d. Is disclosed to a third party by the source without a similar nondisclosure restriction; or

   e. Was developed by the receiving party without the developing person(s) having access to any of the Confidential Information received from the other party; or

   f. Is authorized in writing by the disclosing party to be released or is designated in writing by that party as no longer being confidential or proprietary.

4. Supplier agrees that either party may disclose Confidential Information to an Affiliate, subject to the terms and conditions set forth herein. For purposes of this Agreement, an Affiliate shall be defined as an entity that controls, is controlled by, or is under common control with such party.

5. Other than as required by law or as set forth in 2(e) or under the Agreement, neither party shall, without the other party's prior written consent, disclose to any person, or make a public announcement of, the existence of discussions or negotiations or any of the terms relating to the matter of mutual interest described above or any Confidential Information.

6. If a party ("Ordered Party") receives a request to disclose any Confidential Information of the other party, whether pursuant to a valid subpoena or an order issued by a court or regulatory body ("Ordering Party"), and on advice of legal counsel that disclosure is required by law, then prior to disclosure, the Ordered Party shall (i) notify the other party of the terms of such request and advice, (ii) cooperate with the other party in taking lawful steps to resist, narrow, or eliminate the need for such disclosure, and (iii) if disclosure is nonetheless required, work with the other party to take into account the other party's reasonable requirements as to its timing, content and manner of making or delivery and use best efforts to obtain a protective order or other binding assurance from the Ordering Party that confidential treatment shall be afforded to such portion of the Confidential Information as is required to be disclosed. The foregoing is without limitation of the other party's ability to seek a protective order or other relief limiting such disclosure; in such a case, the Ordered Party shall cooperate in such efforts by the other party.

7. Supplier acknowledges that the proprietary data, know-how, software or other materials or information obtained from a party under this Agreement may be commodities and/or technical data that may be subject to the Export Administration Regulations (the "EAR") of the United States Department of Commerce as well as trade and economic sanctions subject to the Trading With the Enemy Act (TWEA) and the International Emergency Economic Powers Act (IEEPA) of the Office of Foreign Asset Control within the Department of Commerce, and that any export or re-export thereof must be in compliance with the EAR, TWEA and IEEPA. Each party agrees that it shall not export or re-export, directly or indirectly, either during the term of this Agreement or after its expiration, any commodities and/or technical data (or direct products thereof) provided under this Agreement in any form to destinations in or nationals of Country Groups D:1 or E, as specified in Supplement No. 1 to Part 740 of the EAR, and as modified from time to time by the U.S. Department of Commerce, or to destinations that are otherwise controlled or embargoed under U.S. law in contravention of the EAR or any of the above statutes.

8. It is agreed that a violation of any of the provisions of this Agreement will cause irreparable harm and injury to the non-violating party and that party shall be entitled, in addition to any other rights and remedies it may have at law or in equity, to seek an injunction enjoining and restraining the violating party from doing or continuing to do any such act and any other violations or threatened violations of this Agreement. Absent a showing of willful violation of this Agreement, neither party shall be liable to the other, whether in contract or in tort or otherwise, for special, indirect, incidental or consequential damages including lost income or profits of any kind, even if such party has been advised of the possibility thereof. In no event shall either party be liable to the other for punitive or exemplary damages.

EXHIBIT G
SUMMARY OF VERIZON'S GUIDELINES
FOR EVALUATING CRIMINAL RECORD REPORTS

1. Information regarding criminal offenses that is provided by or received about candidates who are under consideration for assignment to provide services to Verizon (the "Candidate") will not necessarily bar their assignment with Verizon. Each Candidate must be considered on a case-by-case basis.

2. If a Candidate has a criminal record, Supplier must determine whether the disclosed criminal conviction will impair the Candidate's ability to successfully perform the services that he/she may be assigned. Thus, a conviction may only be used to disqualify a Candidate from assignment if the criminal conviction is related to the nature of the services that he/she may be assigned to perform for Verizon. When determining whether a Candidate should be disqualified from assignment to Verizon due to a criminal record, Supplier must consider the below Mitigating Factors. Although this is not an exhaustive list of factors, these factors must be evaluated along with any other associated extenuating circumstances.

3. These additional guidelines should be used in combination with the Mitigating Factors listed in Section 4 below:

   - Look at each case individually.
   - Consider each factor and decision point carefully.
   - Consider state law requirements - for example, certain states may not allow consideration of misdemeanor convictions.
   - If additional information is needed, actual court records may be pulled and reviewed prior to making a decision to hire.

   Additionally, consult Supplier's background check supplier or counsel if a Candidate has:

   - Expunged or Sealed Records (Note: certain states do not permit inquiries into expunged or sealed records)
   - Parolee Status
   - Pending Charges/Arrests (Note: certain states do not permit inquiries into arrests that have not resulted in a conviction)
   - Juvenile Records

4. Mitigating Factors

Factors to be Considered	Decision Points
Job Relatedness - Nature of job and crime	For all criminal convictions, the nature of the job applied for must be considered. This factor considers the nature and gravity of the offense as it relates to the nature of the position sought. Is the nature of the conviction such that there is a concern for the safety of Verizon employees/customers, protection of company assets, or the confidentiality/sanctity of Verizon records including confidential consumer information? • For jobs involving direct personal contact with customers, other employees, or the public, careful consideration should be given to whether a Candidate convicted of a crime involving violence presents a significant risk to Verizon, its employees or its customers. • Criminal convictions involving integrity, fraud or theft of property could weigh against Candidates applying for positions with financial responsibility (e.g., cash, etc.) and responsibility for handling proprietary and confidential information (e.g., customer &/or employee information).
Age at time of crime	Was the Candidate a teenager or close to one when s/he committed the crime? If the Candidate was a minor at the time of the criminal offense, this could weigh in the Candidate's favor
Efforts at rehabilitation and successful completion of sentencing	If sentencing required probation, community service or other, has the Candidate completed the service?
Time elapsed since conviction or final adjudication	If significant time has elapsed since the crime was committed, this could weigh in the Candidate's favor.
Candidate's explanation of reason crime was committed	If the crime was committed under extenuating circumstances, which would not be present in the workplace, this could weigh in the Candidate's favor. Court records should be pulled and reviewed to validate Candidate's explanation.

Successful employment following criminal conviction	Has the individual held steady employment since the conviction? Satisfactory employment history since the crime was committed could weigh in the Candidate's favor.
Number of criminal convictions	Has the Candidate had additional convictions? If the Candidate is a repeat offender, this could weigh against the Candidate.

CHANGE REQUEST (CR) No 8 to SOW No. 1.

WHEREAS, Verizon Sourcing LLC ("Verizon") and Synchronoss Technologies, Inc. ("Supplier" or "Synchronoss") are parties to an Application Service Provider Agreement dated April 1, 2013, as amended, with the contract number **** (the "Agreement"); and

WHEREAS, the Parties have entered into Authorization Letters and Statements of Work under the Agreement (collectively, the "SOWs") as follows:

(a) Statement of Work No. 1 (Schedule No. 1 to Authorization Letter # No. 1 attached to the Agreement), as amended (the "SOW No. 1"),

(b) Statement of Work No. 2 (Schedule No. 1 to Authorization Letter # No. 2 providing mobile content transfer functionality) (number ****) as amended (the "SOW No. 2"), which is terminated and no longer in effect.

(c) Statement of Work No. 3 (Schedule No. 1 to Authorization Letter # No. 3, providing interfaces to the services of Photobucket) (number ****) (the "SOW No. 3",

(d) Statement of Work No. 4 (Schedule No. 1 to Authorization Letter # No. 4, "Montana Platform") (number ****), as amended (the "SOW No. 4"),

(e) Statement of Work No. 5 (Schedule No. 1 to Authorization Letter # No. 5, providing an API Program License) (number ****), as amended (the "SOW No. 5"),

(f) Statement of Work No. 6 (Schedule No. 1 to Authorization Letter # No. 6, "Cloud API Professional Service") (number ****), as amended (the "SOW No. 6")

(g) Statement of Work No. 7 (Schedule No. 1 to Authorization Letter #7, "Network Contact Software and Support Service") (number ****) (the "SOW No. 7"), and

(h) Statement of Work No. 8 (Schedule No. 1 to Authorization Letter #8, "Software Release") (number ****) (the "SOW No. 8").

WHEREAS, the Parties wish to further amend the SOW No. 1 to:

(a) extend the term of SOW No. 1;

(b) modify requirements and terms for Hosting Services under SOW No. 1; and

(c) modify the pricing and fee structure for the Solution and related Professional Services under SOW No. 1.

THERFORE, the Parties hereby agree to amend SOW No. 1 as follows:

A. Section 1.2 is hereby updated to include the following new definitions:

"Free Subscriber" shall mean a Subscriber to Verizon Cloud offering that does not pay a Verizon Cloud service fee and who is otherwise not a Paid Subscriber (as defined below). Such Free Subscriber(s) include but not limited to:

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- A Subscriber that participates under a free trial for a limited trial period (such period not to exceed **** from the date service is first made available to such Subscriber);
- A Subscriber that is a Verizon Employee/Concession account who has Verizon Cloud Services and who is utilizing media storage. For clarity, "media storage" includes a Subscriber storing any Data Classes (example, photos and videos) that are not a Data Class that is part of NAB which are covered under the NAB Agreement;
- A VOBS (Verizon Online Business Subscriber)/Telco Subscriber who is eligible to use media storage and is not otherwise a Subscriber to Verizon mobile services;
- A Subscriber that is currently obtaining the "MoreEverything" promotion with up to **** of storage with media Data Class profile; and
- A Subscriber that is obtaining either the existing **** promotion with media Data Class profile

  For clarity, an account profile of Contacts (Data Class) user only (with no media Data Class profile associated with the account) that does not pay a Verizon Cloud service fee shall not contribute to the Free Subscriber count.

"Paid Subscriber" shall mean a Subscriber to Verizon Cloud where such Subscriber:

- is being billed by Verizon a recurring service fee for Verizon Cloud;
- is being billed by Verizon a service fee for Verizon Cloud services on a "pre-pay" basis for the duration of the period for which the Subscriber was to prepay;
- is being billed by Verizon a fee for a Bundle Offering (as defined below) unless the parties mutually agree in writing that, for a given Bundle Offering, that Subscribers (or a portion or class thereof) on such Bundle Offering shall not be deemed Paid Subscribers.

For the avoidance of doubt, a Subscriber or user need not be enrolled or establish a solutionaccount on Supplier's Cloud Platform to be deemed a Paid Subscriber.

"Bundle Offering" means a service plan, service profile or promotion whereby a fee paid by a Subscriber permits access or use of a group, service plan, service class or 'bundle' of services or features offered by Verizon that includes access or use of Verizon Cloud and the amount payable for Verizon Cloud service is not distinctly itemized or separated from the amounts payable for other services or features for which such Subscriber is eligible to receive. Prior to offering a Bundle Fee, Verizon shall notify Supplier and the Parties shall mutually agree on tracking and reporting for any Subscribers participating under such Bundle Offering. The Parties will mutually agree to the fees for such Bundled Offering.

B. The "Initial Term" in hereby extended and renewed through December 31, 2022. Accordingly, Section 1.3 of SOW No. 1 is deleted in its entirety and replaced with the following:

"This SOW is made and entered into on and as of December 20th, 2013, and shall continue until December 31, 2022 (the "Initial Term"). Thereafter, this SOW shall automatically renew for up to five (5) additional two (2) year periods (each, "Renewal Term"), unless (i) Verizon provides Synchronoss with written notice of its intent not to renew at least ninety (90) days prior to the end of the then-current Initial Term or Renewal Term or (ii)

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Synchronoss provides Verizon with written notice of its intent not to renew at least twelve (12) months prior to the end of the then-current Initial Term or Renewal Term, as the case may be (each such date, the applicable "Renewal Decision Date"). The "Term of this SOW" shall be the Initial Term, together with Renewal Term(s), if any. For the avoidance of doubt, the license term of the Software under Section 5.2 of the Agreement shall be the Term of this SOW. Except as permitted under the Agreement or this SOW, in any Renewal Term, the terms and conditions in effect for such Renewal Term shall be those in effect for the last year of the Term prior to such renewal."

A. Effective January 1, 2018, Section 4 (Fees and Charges) of SOW No. 1 is hereby deleted in its entirety and replaced with the following:

" 4. Fees and Charges

4.1 Fees and Charges
The fees outlined herein cover the items listed in this SOW No.1. Any additional deliverables not expressly stated shall require a separate Change Request or SOW with terms and conditions agreed upon by the Parties. Fees shall be invoiced and paid in accordance with the Agreement and the fee schedule outlined below. Fees under this SOW No. 1 exclude applicable taxes.

Use of the Content Hub Solution web portal by a given Subscriber within the month shall be considered one Subscriber, regardless of how many different access points are used to interact through the Solution. Registration alone by the Subscriber shall not be sufficient to consider the Device active.

4.2 Content Hub Software Subscription License Fee
(a) Beginning on January 1st 2018, Verizon shall pay a monthly subscription fee for Subscribers, by type of Subscriber (based on such Subscriber being a Paid Subscriber or Free Subscriber in such month) and the "year" of the Initial Term as set forth in Table 4.2a below. At the sole discretion of Verizon, Verizon will install (or have a third party install) the Client Software for the Content Hub Solution on Devices made commercially available by Verizon.

(b) The Content Hub Subscription License Fee shall be paid by Verizon to Supplier monthly in arrears as follows:

Table 4.2a

Year	Price per month per Paid Subscriber for the Year (the "Paid Sub Fee")	Minimum number of Billed Subscribers required in each month of the Year ("Billed Sub Minimum")*	Number of Free Subscribers included in Billed Sub Minimum each month ("Free Sub Allotment")**	Price per month per Free Subscriber for each Free Subscriber in excess of the Free Sub Allotment**
Year 1	****	****	****	****
Year 2	****	****	****	****
Year 3	****	****	****	****
Year 4	****	****	****	****
Year 5	****	****	****	****

*Such minimum shall not apply until ****.
Such fee shall not apply until **. For clarity, the fee for excess Subscribers over the Free Sub Allotment shall not apply until ****.

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As used herein:

Each Subscriber for which a license fee is paid under Table 4.2a above in a given month (i.e. those Paid Subscribers in such month plus Free Subscribers over the Free Sub Allotment in such month, if any) shall be called a "Billed Subscriber".

"Year 1" shall mean January 1, **** – December 31, ****
"Year 2" shall mean January 1, **** – December 31, ****
"Year 3" shall mean January 1, **** – December 31, ****
"Year 4" shall mean January 1, **** – December 31, ****
"Year 5" shall mean January 1, **** – December 31, ****

Each of the foregoing may be referred to individually as a "Year".

*For the avoidance of doubt, there is no monthly license fee for Free Subscribers under the Free Subscriber Allotment with any such Free Subscribers being included in the fees paid for the Paid Subscribers. The Paid Sub Fee shall apply to any Free Subscribers in a given month over the Free Subscriber Allotment.

The Paid Sub Fee and Billed Subscriber Minimum include a Solution storage allotment (each month) calculated as follows (the "Monthly Storage Allotment"): **** multiplied by the number of Billed Subscribers in such month.
**** per Billed Subscriber per month in ****
**** per Billed Subscriber per month in ****
**** per Billed Subscriber per month in ****
**** per Billed Subscriber per month in ****
**** per Billed Subscriber per month in ****

Verizon and Synchronoss will review and mutually agree to determine whether to adjust the Monthly Storage Allotment at the end of each calendar year, commencing at the end of **** i.e. Revise Monthly Storage Allotment in **** for year ****.

(c) Overage Fees. The following Overage Fees shall apply in addition to the fees set forth in (b) above where Verizon has exceeded the Monthly Storage Allotment.

If, in any given month following the month of ****, the total Solution storage exceeds the Monthly Storage Allotment, Verizon shall pay an additional storage fee determined as follows (the "Added Storage Fee"):

(Each GB of storage (for all Subscribers) in excess of the Storage Allotment in such month) x (the applicable GB Overage Charge for the Year in Table 4.2b below)
Table 4.2b

Year	GB Overage Charge
Year 1	****
Year 2	****
Year 3	****
Year 4	****
Year 5 and beyond	****

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(d) Minimum Monthly Subscription Fee. If, in any given month following the month of March 2018, actual number of Billed Subscribers is less than the applicable Billed Sub Minimum for such month, Verizon shall pay, in addition to fees paid for actual Billed Subscribers, a fee calculated as follows:

(the applicable Billed Sub Minimum minus the number of actual Billed Subscribers for such month) x (the applicable Paid Sub Fee for such period).

(e) The Paid Sub Fee includes:

- maintenance and support of the Solution as provided in SOW No. 1
- releases of Client Software and Server Software to include Desktop Client Software
- Hosting Services as set forth in Exhibit A to SOW No. 1 to include test environment and the Storage Allotment for Subscribers.
- all Verizon hosted Instance containerization and support as related to SOW #4
- Device Porting for up to 35 (such ports are broken down as follows; new ports of up to fourteen (14) with the remainder attributable to re-port) agreed upon Devices per calendar quarter
- VOBS care support set forth in Section 2.3 "Verizon Telecom Subscriber Support" of SOW 1
- Software testing to include Device, including battery and performance testing, User Acceptance Testing (UAT).

(f) In addition, Verizon shall pay a one-time fee of $**** (Hosting Conversion Fee) invoiced in 12 monthly installments of $**** with each installment invoiced on the first business day of each calendar month of ****. Such fees are due without regard to the number of Subscribers (Free Subscribers and/or Paid Subscribers) and are in addition to the other fees set forth herein and in other SOWs under the Agreement.

Hosting Conversion Fee is a base fee applicable for the conversion of subscription fees from a per Active Subscriber basis to a per Paid Subscriber basis with an Allotment of Free Subscribers, as set forth in this CR No. 8, and is in consideration of change in status of the billable nature of such Subscribers. The Parties agree the Hosting Conversion Fee represents a fair, reasonable and proportionate fee as a consequence of such fee structure conversion.

(g) Reporting. Each calendar month, Supplier shall calculate the Subscription License Fee due to Supplier based on the usage reports defined under this subsection as set forth below.

Supplier shall provide Verizon with a report on the total storage used by Subscribers on the Solution for such month within **** after the end of each month. Upon Verizon's receipt of this usage report, Verizon shall publish a consolidated report to Supplier within **** specifying the total number of Paid Subscribers and Free Subscribers on the Content Hub Solution during that month. Verizon and Supplier shall cooperate in determining an automated method within the Solution to identify, track and report monthly on volumes of Paid Subscribers and Free Subscribers.

Annual Review of Storage. By **** of each Year, commencing with the Year ending ****, Supplier shall conduct annual benchmark reviews of available compute and storage platforms across the industry for similar services that are being provided by Supplier hereunder (including but not limited to Amazon Web Services, Google Cloud, Azure), including, but not limited to, storage, features, performance, and published fees. Supplier will promptly share the results of such benchmark review with Verizon. In the event the above benchmark reviews reveals that fees are being provided in the industry for similar services,

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usage rights, performance metrics and service obligations, purchase commitments and other key terms as are being offered by Supplier hereunder that are lower than the fees paid by Verizon to Supplier at the time of review, the Parties will mutually agree in good faith to determine whether there should be any changes in the Subscription License Fee being paid by Verizon In the event a change in the Subscription License Fee is mutually agreed, the parties will execute a Change Request or amendment thereto.

4.3 Forecasting

Each month that Services are provided under this SOW, the Parties shall mutually agree to a **** ("Forecast Period") forecast (the "CH Forecast") of (i) the volume of new Subscribers and how many of these are Paid Subscribers and Free Subscribers, (ii) anticipated reduction of existing Subscribers, Paid Subscribers and Free Subscribers, (iii) the anticipated aggregate storage volume of such new and reduced Subscribers and (iv) any net change to the aggregate storage or daily Content ingest rate of pre-existing Subscribers (by Instance) anticipated in each month of the Forecast Period in the format specified in Annex 1 (or as otherwise agreed upon by the Parties). The CH Forecast shall be established **** prior to the start date of the "Forecast Period". By way of example, such CH Forecast shall be provided on **** covering the period of ****. Such forecast shall be used by Supplier to plan and determine if augmentation or change in the capacity of the Hosting Services. In the event that no CH Forecast is provided in a given month, the last month of the prior CH Forecast applicable to such Instance shall be used to determine the last month of current Forecast Period and such forecast shall be deemed to be the CH Forecast for such period.

For Hosting Services, the foregoing CH Forecast shall be used by Synchronoss to determine if augmentation or change in the capacity of the Hosting Services by Supplier is required to meet the volumes in the CH forecast and the SLAs under this SOW as well as determining any changes to Usage Parameters and/or Content Hub Hosting Fees, as applicable. If applicable, Supplier shall provide, using input from Verizon, a revised Usage Parameter document to Verizon and a revised fees, if any, applicable to such change in Usage Parameters for review and input. Any such revised fee (if applicable) and Usage Parameters shall become effective on the date mutually agreed upon by the Parties (allowing reasonable time to implement and test any augmentation or changes) and each shall remain in place until revised in accordance with this section. In the event that the options for Usage Parameters and any change in fee are not accepted by Verizon, the then current Usage Parameters and fees shall remain in effect until revised by the Parties as set forth herein and Synchronoss shall have no liability for any failure or delay resulting from insufficient capacity to meet Subscriber use materially in excess of the then current Usage Parameters.

In no event may the Usage Parameters (or applicable fee altered as a result of a modification of a Usage Parameter) be modified from a prior level without mutual written agreement by the Parties.

4.4 Change Controls

Notwithstanding anything to the contrary in SOW No. 1 or any attachment or exhibit thereto, items outside the scope of this SOW No. 1 and changes to the Content Hub Solution requested by Verizon (including changes to the Content Hub Software to address changes to Verizon applications or systems or API modification but excluding those changes implemented as part of Solution Software Release Support Services under Exhibit F) shall be subject to a Change Request for professional services with the terms and fees in such request mutually agreed upon by the Parties. Solution API (excluding partner API changes which are

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provided pursuant to SOW No. 5) support, regular maintenance releases and onboarding of up to two (2) new API partners per calendar month are included in per Subscriber fee. Any such fees are in addition to the fees set forth above.

4.5 Maintenance Fees

The Content Hub Subscription Fees described in Section 4.2 above shall entitle Verizon to "New Versions" of the Content Hub Software. "New Versions" means updates to the Content Hub Software, in object code only, that Synchronoss makes generally available (i.e. not custom-developed for another Synchronoss customer) as part of maintenance support to its licensees who are entitled to maintenance support, including bug fixes, error corrections, patches and updates and enhancements. All latest release versions of software / technology must be made available to Verizon no more than **** from initial release.
For the avoidance of doubt, for New Versions that include substantial new functionality that is materially incremental to that functionality identified in Exhibit E ("Major Feature Enhancements"), the Parties shall discuss in good faith to determine whether a fee for the license of such Major Feature Enhancements may be separately charged and mutually agree to such a fee. For example, the Parties may, but shall not be required to, use the following as guidelines in determining whether a New Version is a Major Feature Enhancement:

A. Factors favoring chargeability:
a) more than seven months have elapsed from the commercial launch of the Content Hub;
b) Verizon itself charges (or expects to charge) its Subscribers additional or separate fees attributable to such new functionality; or
c) otherwise obtains material financial benefit from such enhancement (such as material reduction of Verizon Data Service support costs, material reduction in Subscriber attrition or added material sales of related Verizon products or services); or
d) The Major Feature Enhancement requires material new data processing infrastructure, or requires new costs (such as third party licensing costs or material code maintenance support) in performing substantially different functions as those supporting a prior version (i.e. "new" architecture, not merely "more" architecture to support added volumes); or
e) The Major Feature Enhancement allows Verizon to target a Data Service at a different Subscriber class or segment (i.e. business customers) where the characteristics of such new Subscriber class or segment drive incremental requirements, safeguards, compliance steps, etc.

B. Factors favoring non-chargeability (or reduced chargeability):

a) other Supplier licensees receive the Major Feature Enhancements without incremental right-to-use payments, provided: (i) increased payments from such other licensees due to scaling of per-subscriber or usage volume based fees shall not qualify as incremental for this purpose, and (ii) the provision of Major Feature Enhancements that are agreed as non-chargeable may be delayed, but not charged, to Verizon in cases where other Synchronoss licensees within the United States have paid Synchronoss for periods of exclusivity or acceleration with respect to the Major Feature Enhancement);
b) the code base of the New Version of the Software that includes the Major Feature Enhancements substantially overlaps with the code base of a prior version of the Software;
c) the New Version of the Software that includes the Major Feature Enhancements is marketed using the same trademarks, service marks or trade names as a prior version of the Software

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d) Verizon can reasonably demonstrate that, other factors contributing to the Content Hub Subscription License Fee volume remaining the same, the Major Feature Enhancement will drive an incremental adoption rate of the Content Hub Solution by Subscribers sufficient to increase Monthly Active Subscriber volumes in quantity where License Fees corresponding to such growth offset any retail fee for such enhancement that would otherwise be charged by Synchronoss to other similar clients.

Notwithstanding the above, Verizon will not be required to pay for any Major Feature Enhancement due to the fact that such Major Feature Enhancement is not technically separable from the applicable New Version, or cannot be disabled within the applicable New Version.

Verizon shall be responsible for any direct end-user support of its Subscribers and for the support of their use of the Content Hub Solution. Where unique Device Porting activities such as development, configuration or testing (i.e. a unique form factor and/or technical limitations not seen on previously preloaded/ported Wireless Devices that require Supplier to undertake additional work it would otherwise not be required to undertake) are required, such activities shall be planned and budgeted through professional services. Device porting (and testing and certification testing) of up to **** (such ports are broken down as follows; new ports of up to **** with the remainder attributable to re-port) agreed upon Devices per calendar quarter are included in Subscription Fees under Section 4.2
C. SNCR to resolve known agreed upon Defects that are Severity 1 or Severity 2 levels (as defined in the Exhibit C, Network Service Level Agreement) in previous/current production releases of Client Software and Server Software releases within **** (at no extra cost to Verizon).

D. Section 4.6 of SOW No.1 is hereby deleted in its entirety and replaced with the following;

4.6 Termination for Convenience

4.6.1 Verizon may, upon at least **** prior written notice to Synchronoss, terminate this SOW, in whole or in part, for its convenience, provided that Verizon may not deliver such notice earlier than ****. No minimums fees or Billed Subscribers shall apply upon Verizon's notice of terminationfor convenience to Sycnhronoss. Verizon shall only pay for the actual number of Billed Subscribers.

4.6.2 Transition Services

In the event Verizon exercises its right to terminate for convenience in accordance with Section 4.6.1 above, the Parties agree to develop a plan for Transition Services which will include mutually agreeable fees payable by Verizon to Supplier for such Transition Services. For clarity, where migration services are provided prior to the effective date of termination using Supplier professional services staff that provide Solution Software Release Support Services (i.e. through the regular course of business), such services shall contribute to attainment of any applicable Annual PS Minimum (as hereinafter defined).Verizon will only be responsible for the Transition Services provided by Synchronoss to Verizon to assist Verizon in transitioning to a Verizon internal platform or to a third party supplier of Verizon, at Verizon's discretion.

D. As of ****, Exhibit F ("Solution Software Release Support Services") is hereby deleted in its entirety and replaced with the new Exhibit F attached hereto as Attachment 1.

****CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS

E. Professional services will be provided to Verizon in accordance with Section 5 of Exhibit F below. Verizon commits to using a minimum of $**** for ****; for **** and each applicable year thereafter during the term of SOW No. 1, Verizon commits to using a minimum of $****, for professional services reasonably distributed over such Year (each such Year, the "Annual PS Minimum"). Such professional services shall be consumed by Verizon according to an annual support plan agreed upon by the Parties (a) no later than the **** prior to the start of such annual period, updated quarterly as agreed upon by the Parties in writing, and (b) with no more than 30% of the estimated hours of such minimum commitment of professional services consumed in any given calendar quarter. Notwithstanding the foregoing, where Supplier is unable to provide professional services due to unavailability of Supplier resources or other breach by Supplier (where Verizon has met its obligations under this SOW No.1 and committed a purchase order to Supplier for such Services) the PS Shortfall Charge (as defined below) shall be reduced by an amount commensurate with such failure to perform. In the event that the actual professional services consumed by Verizon total less than the Annual PS Minimum in a given year, Verizon shall pay Supplier an additional fee equal to the shortfall between the Annual PS Minimum and the actual professional services fees paid by Verizon under Exhibit F during such Year ("PS Shortfall Charge"). Unused professional services under the Annual PS Minimum may be carried forward or used to pay for other professional services, only by mutual written consent. The budget will be determined by the end of Q3 for the following year.

F. Failure to Deliver

For Major releases as identified by Verizon and agreed upon by Supplier in writing (and as identified in the then current project plan), Supplier will provide final approval to roll out the Content Hub Software release supporting the Verizon Cloud application (iOS, Android, Desktop) into production. In the event there are Verizon Customer or system impacting issues after the production rollout caused by such Major release that rise to the level of a Severity 1 incident and require immediate software update to the Client Software, Server Software or both, Verizon will work with Supplier to support the updated release rollout which will include revised Software updates to the impacted Major release ("Maintenance Release-1").

If a failure occurs in such Maintenance Release-1 solely due to an act or omission of Supplier (and/or anyone acting on its behalf), resulting in a Verizon Customer or the Verizon Cloud Platform still experiencing such Severity 1 level issues, Verizon shall be entitled to liquidated damages, as its sole and exclusive remedy for such delay or failure, as outlined below:

i. The Parties agree that Supplier will pay Verizon a performance compensation payment in an amount equal to **** of total feature development/testing professional service fees paid by Verizon for the impacted feature or component giving rise to the Severity 1 issue.
ii. If the issue is not resolved by the implementation into production of the second maintenance release to the impacted Major release ("Maintenance Release-2"), Supplier will pay Verizon a performance compensation payment in an amount equal to **** of total feature development/testing professional service fees paid by Verizon for the impacted feature or component giving rise to the Severity 1 issue.

G. The following is added to Section 6 (Assumptions) as additional assumption:
"Notwithstanding anything herein to the contrary, including, without limitation Exhibit D (Usage Parameters), Supplier is free to close down, reduce, consolidate or otherwise modify the capacity of Instances supported by Supplier as it deems appropriate provided that Supplier will consult with Verizon on any such Instance changes and Supplier will provide

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Verizon with **** notice prior to the decommissioning of any Instance. Consolidation of Instance will not abrogate or diminish Supplier's obligation to meet service levels under the SOW."

H. This CR shall be effective and binding upon the Parties upon execution by both Parties. Except and only to the extent specifically modified under this CR, all of the terms and conditions of SOW No. 1, is hereby ratified and confirmed and shall remain in full force and effect.

I. Notwithstanding anything to the contrary, pricing under Section 4.2 and the other terms of this CR 8 and SOW No. 1 are subject to Verizon meeting all obligations identified in under Section 14(f) of SOW No. 4 and in the Verizon span of control. In the event that Verizon does not provide the storage, ingest computing and related capacity in accordance with the terms set forth in Section 14(f), Supplier may, acting reasonably, suspend, throttle or otherwise limit use of the Services to offset the unavailability of such capacity (and Supplier shall have no liability to Verizon for any delay, failure or degradation resulting from such failure by Verizon). The Parties will mutually agree should substitute capacity and additional fees be required as a result of such failure. Supplier will not be financially responsible for costs of providing substitute capacity should any such substitute capacity be required.

J. Exhibit H – Termination Fees is hereby deleted in its entirety.

K. Capitalized terms used in this CR shall have the meanings set forth in the Agreement or applicable SOW to such Agreement.

The Parties hereto have caused this CR to be executed by their duly authorized officers or representatives.

VERIZON SOURCING LLC	SYNCHRONOSS TECHNOLOGIES, INC.
By: /s/ M C Reed	By: Glenn Lurie
Name: M C Reed	Name: Glenn Lurie
Title: CAO	Title: President and CEO
Date: Mar 16, 2018	Date: Feb 17, 2018

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Attachment 1

Exhibit F - Solution Software Release Support Services (revised 1/1/18)

Exhibit F to SOW No. 1 - Solution Software Release Support Services

1 Definitions

Capitalized terms not defined in the SOW or the Agreement shall have the meaning set forth below.

Content HUB Analytics Dashboard	Means a web-based user interface of the Solution accessed by authorized Verizon personnel, presenting data and analytic information based on the usage of the Solution.
Early Access or EA	A non-production version of the Quarterly Server Software Release provided to Verizon for early access to Software for testing and evaluation of planned changes and modifications as well as for use in planning for final testing and production use of the Software. Such releases are not expected to be used in production and are expected to have updates, additions, modifications and corrections prior to creation of the GA Release.
General Access or GA	A version of the Quarterly Server Software Release that is tested by Synchronoss and provided to Verizon (that includes updates, additions, modifications and corrections to the EA Release) and is intended for deployment and use in a production Instance of the Solution
Quarterly Server Software Release	Means a numbered release of the Server Software with work activity in support of such release conducted in such quarter with a planned availability date in such calendar quarter or subsequent period identified in a mutually agreed upon release plan.

2 Overview and Term

2.1 Overview: The Parties wish to outline the methods and procedures whereby various updates and modifications to Server Software may be agreed upon and planned for release at mutually agreed to delivery intervals. This Exhibit F is intended to describe the method for providing Quarterly Server Software Releases to Verizon as well as various support services in support of Verizon's use of the Solution and its Data Services. As further detailed below in this Exhibit, during the Term of the SOW No.1, Synchronoss shall provide the following professional services, as listed below, to Verizon to provide enhancements and customizations to the Content Hub Software and Content Hub Solution in support of the Verizon Data Service and such Services shall count towards attainment of the Annual PS Minimum:

i. Create, each calendar quarter, one or more documents to provide specifications for changes and modifications to Server Software that are intended for a Quarterly Server Software Release and mutually agreed upon by the Parties for each release.

ii. Make available Quarterly Server Software Releases containing features set forth in the Quarterly Release Document applicable to such release.

iii. Support Services as more fully described in section 3 of this Exhibit F.

2.1 Term: The "Term" for the Services under this Exhibit shall begin on the Effective Date of this Exhibit and be co-terminus with the Term of the SOW No.1. Updates to these support services shall be addressed in the form of a Change Request.

Project Scope

3.1 Services

3.1.1 Quarterly Release Documents

3.1.1.1 Quarterly Release Specification Documents

Each quarter, Synchronoss shall work with Verizon to document detailed specifications for enhancements to Content Hub Solution intended to be delivered in a Quarterly Server Software Release (each such document, a "Quarterly Release Document"). These specifications shall include high level specifications planned for the next subsequent Quarterly Server Software Release and detailed specifications for changes and modifications to the Server Software that will be made available in the current Quarterly Software Server Release. (For tracking purposes, Synchronoss shall provide the planned Software Release version numbers for each release in a calendar year) For the avoidance of doubt, such releases are planned releases with a naming convention aligned with work activity in such quarter and the anticipated delivery date of a release shall be set forth in the project plan mutually agreed upon by the Parties (and release date may not be in the calendar for which such release is named).

- The features to be documented in each Quarterly Release Document and the price for the Quarterly Server Software Release will be agreed in advance with Verizon. Quarterly Release Documents shall be mutually agreed upon by the Parties **** prior to the start of each calendar quarter (or other such timeline mutually agreed upon by the Parties that allows for sufficient development time to meet agreed upon release dates). Fees applicable to these Quarterly Release Documents shall be as set forth in table 5.1 below unless otherwise mutually agreed upon by the Parties in writing. If applicable for such release, Wireframes and Prototypes demonstrating user interface and experience for supported Client Software shall be provided by Synchronoss and agreed upon by Verizon as part of such Quarterly Release Documents.
  - Quarterly Release Documents and the final price for the Quarterly Server Software Release will be reviewed and accepted by the Parties using the following approach:
    - i. Initial release candidates (features or changes) to be included in the release shall be agreed upon by the Parties
    - ii. Requirements definition for release candidates is accomplished through joint meetings with Synchronoss and Verizon personnel
    - iii. Quarterly Release Documents in draft form are presented by Synchronoss to Verizon bases on joint meetings identified in (ii) above
    - iv. Synchronoss shall issue a quote for the fees for the applicable release based on specifications in such Quarterly Release Documents
    - v. Feedback on the Quarterly Release Documents and quote shall be obtained from Verizon and the drafts of the documents will then be edited by Synchronoss based on changes in specifications agreed upon by both Parties. A final quote (the "Final Quote") for the release containing such specifications is provided by Synchronoss. The price for such Final Quote shall be within the price range specified under table 5.2 below for such release.
    - vi. The process under (v) above is repeated until both Parties agree upon and accept in writing the final Quarterly Release Document and Verizon agrees upon and accepts in writing the Final Quote for such release. Upon such acceptance by both Parties any requirements in the Quarterly Release Documents shall become Specifications for the applicable Solution release.
    - vii. In the event that the price in the Final Quote for such release is in excess of the range of the price range specified under table 5.2 below for such release, a Change Request to this SOW reflecting the change in the maximum range for such period shall be required.

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3.1.2 Quarterly Server Software Releases

For Quarterly Server Software Releases (each as more fully described in the applicable Quarterly Release Documents) in a calendar year, Synchronoss shall provide to Verizon:

- Early Access Release version(s) of such Quarterly Server Software Release for release testing.
- General Access Release version(s) of such Quarterly Server Software Release deployed to the production Instances of the Solution provided under Hosting Services.

Features and customizations to be delivered as part of these releases shall be documented in the Quarterly Release Documents for such release (such documents provided in accordance with Section 3.1.1.1 above).

3.1.3 Quarterly Unified Client Software Releases

For Quarterly Unified Client Software Releases (each as more fully described in the applicable Quarterly Release Documents) in a calendar year, Synchronoss shall provide to Verizon:

- Early Access Release version of such Quarterly Unified Client Software Release for release testing
- General Access Release version of such Quarterly Unified Client Software Release deployed to the appropriate application store for each Client Software as follows;
  - iOS: Apple App Store
  - Android: Google Play Store
  - Blackberry: Blackberry World
  - Windows: Windows Phone Store

Features and customizations to be delivered as part of these releases shall be documented in the Quarterly Release Documents for such release (such documents provided in accordance with Section 5.1.1.1 above).

3.1.4 Support Services

At the beginning of each calendar quarter during the Term of this SOW, Verizon and Synchronoss shall mutually agree, in writing, on the actual tasks, deliverables, milestones, and scope of such support services for such quarter (the "Support Services Scope") as well as the fees applicable to such support scope (such fees to be provided to Verizon in a Final Support Services Quote). Such fee(s) shall be within the price range specified under table 5.1 below for such support. In the event that the price for such support is in excess of the range of the price range specified under table 5.1 below for such support, a Change Request to this SOW reflecting the change in the maximum range for such period shall be required. Support services shall be provided during business hours unless otherwise agreed upon by the parties in the Support Services Scope.

3.1.4.1 Quarterly Verizon 3rd Party Developer Support

Synchronoss will provide professional services to assist Verizon (and its 3rd party developers or partners) with integration support to the Solution APIs. The Synchronoss resources will focus on the following activities for the Verizon Data Service:

i. Update API documentation
ii. Create test accounts
iii. Support Verizon and Verizon 3rd party partner developer questions
iv. Attend Verizon and Verizon 3rd party partner developer meetings pertaining to such Solution APIs

Services are for the each quarter of the Term and are invoiced at the conclusion of the then current quarter. The resources assigned by Synchronoss will provide professional services support to Verizon. The Services provided by Synchronoss and any work products produced by Verizon or third party personnel will be under the direction and quality management of Verizon. The number of Verizon 3rd party partner developers and related activities to be supported in any calendar quarter will be mutually agreed upon by Synchronoss and Verizon.

3.1.4.2 Quarterly Marketing Campaign Support

Synchronoss shall provide professional services to support Verizon marketing campaigns:

- For SMS marketing campaigns, Synchronoss shall support SMS script development, generate batch files, and execute SMS Scripts
- For Verizon email marketing campaigns, Synchronoss shall support batch file generation
- For Verizon Marketing Campaigns, Synchronoss shall provide Solution API customization and development support

Support Services for support of marketing campaigns shall be mutually agreed upon in advance each quarter in the Support Services Scope for such quarter.

3.1.4.3 Quarterly Analytics Support

Synchronoss resources shall work with Verizon to define and mutually agree upon the specifications for enhancements to the Solution dashboard providing reporting on key metrics (the "Analytics Dashboard") and deploy these enhancements to the production instances of the Solution. Quarterly Support Services for Analytics Dashboard enhancements shall be mutually agreed upon in advance each quarter in the Support Services Scope for such quarter.

3.2 Deliverables

3.2.1 Professional Services Deliverables

Synchronoss shall provide the following deliverables for services under this Exhibit F during a given calendar quarter. All documents are subject to review by Verizon within timelines as mutually agreed by the Parties and shall be deemed Supplier Retained Work Product, excluding any Confidential Information of Verizon or Paid Work Product, which shall remain the sole and exclusive property of Verizon, and subject further to Verizon's pre-existing Intellectual Property Rights to the extent set forth in the Agreement. Synchronoss shall use commercially reasonable efforts to incorporate Verizon feedback in such deliverables, subject to the above terms.

Professional Services Deliverable	Description
Deliverables for each calendar quarter	
Quarterly Release Documents and Prototypes	Documents specify the changes in features and behavior of the Content Hub Solution, describing Subscriber and Content Hub Solution system interactions for features and enhancements intended for releases in Software for such quarter.
Quarterly 3rd Party Developer Support	Solution API Specification Documents and creation of test accounts as set forth in Support Services Scope for such quarter.
Quarterly Marketing Campaign Support	Execution of SMS scripts as set forth in Support Services Scope for such quarter.

3.2.2 Solution Deliverables

Synchronoss shall provide access to the following deliverables listed below. For the avoidance of doubt, all such deliverables are part of the Synchronoss Platform or are Synchronoss Background Materials or Supplier Retained Work Products and are owned by Synchronoss.

Solution Deliverable	Description
Deliverables for each calendar quarter	
Quarterly Server Software Release	Synchronoss make available the release of CH Server Software for Production deployment for such calendar quarter.
Quarterly Analytics Support	Synchronoss make available the CH Custom Analytics Software for the Production Instance as set forth in Support Services Scope for such quarter.

4 Schedule for a given calendar year

The schedule below represents Synchronoss anticipated delivery dates for each specified deliverable for a given calendar year of the Term (or renewal thereof), such dates to be incorporated into the initial "Project Plan". All project plan dates and changes thereto shall be mutually agreed upon by Synchronoss and Verizon in writing. The project plan shall be reviewed at least weekly by members of Synchronoss and Verizon, with changes to the plan made by mutual written agreement.

Activity / Deliverable	Target Start (month/day)	Target Finish (month/day)
Q1		
****	****	****
****	****	****
****	****	****
****	****	****
Q2		
****	****	****
****	****	****
****	****	****
****	****	****
Q3		
****	****	****
****	****	****
****	****	****
****	****	****
Q4		
****	****	****
****	****	****
****	****	****
****	****	****

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4 Fees and Charges

Table 5.1 below provides the fee for the Quarterly Release Document deliverable under Section 3.1.2.2 above. Fee ranges for Quarterly Server Software Releases and Support Services under section 5.1.3 are set forth in Table 5.1 below. Any additional deliverables not expressly stated herein or fees in excess of the ranges set forth in table 5.1 shall require a Change Request to the SOW. Fees shall be invoiced in accordance with table below and are payable in accordance with the terms of the Agreement. Fees under this Exhibit exclude applicable taxes.

Fees for services and deliverables under this Exhibit and Quarterly Release Document deliverables

Table 5.1

Deliverable	One-time Fee
****	****

Fee ranges for Quarterly Server Software Releases and Support Services under Section 3.1.3 above

Table 5.2

<table>
<tr><th>Quarterly Deliverable (and invoice terms)</th><th>One-time Fee Range</th></tr>
<tr><td>****</td><td>****</td></tr>
<tr><td>****</td><td rowspan="2">****</td></tr>
<tr><td>****</td></tr>
<tr><td>****</td><td>****</td></tr>
</table>

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Exhibit 21.1

As of December 31, 2017, Synchronoss Technologies, Inc. has no significant subsidiaries as defined in Rule 1-02(w) of Regulation S-X.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-136088) pertaining to the 2006 Equity Incentive Plan,

(2) Registration Statement (Form S-3 No. 333-164619) of Synchronoss Technologies, Inc.,

(3) Registration Statement (Form S-8 No. 333-167000) pertaining to the 2006 Equity Incentive Plan,

(4) Registration Statement (Form S-8 No. 333-168745) pertaining to the 2010 New Hire Equity Incentive Plan,

(5) Registration Statement (Form S-8 No. 333-179544) pertaining to the Employee Stock Purchase Plan,

(6) Registration Statement (Form S-8 No. 333-188939) pertaining to the 2006 Equity Incentive Plan;

(7) Registration Statement (Form S-3 No. 333-197871) of Synchronoss Technologies, Inc.; and

(8) Registration Statement (Form S-8 No. 333-204311) pertaining to the 2015 Equity Incentive Plan

of our reports dated June 29, 2018, with respect to the consolidated financial statements and schedule of Synchronoss Technologies, Inc. and the effectiveness of internal control over financial reporting of Synchronoss Technologies, Inc. included in this Annual Report (Form 10-K) of Synchronoss Technologies, Inc. for the year ended December 31, 2017.

/s/ Ernst & Young LLP
Iselin, New Jersey
June 29, 2018

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

I, Glenn Lurie, certify that:

1. I have reviewed this Quarterly Report on Form 10-K of Synchronoss Technologies, Inc. for the year ended December 31, 2017;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 29, 2018

/s/ Glenn Lurie

Glenn Lurie
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 13a-14(a)

I, Lawrence R. Irving certify that:

1. I have reviewed this Quarterly Report on Form 10-K of Synchronoss Technologies, Inc. for the year ended December 31, 2017;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 29, 2018

/s/ Lawrence R. Irving

Lawrence R. Irving
Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Synchronoss Technologies, Inc. (the "Company") for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn Lurie, Principal Executive Officer & Director , hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 29, 2018

/s/ Glenn Lurie
Glenn Lurie
Principal Executive Officer & Director

Exhibit 32.2

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

In connection with the Annual Report on Form 10-K of Synchronoss Technologies, Inc. (the "Company") for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence R. Iving, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 29, 2018

/s/ Lawrence R. Irving

Lawrence R. Irving
Chief Financial Officer