

OOMA INC  
Form 424B7  
March 09, 2017  
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**Filed Pursuant to Rule 424(b)(7)**  
**Registration No. 333-215155**

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED MARCH 9, 2017**

**PRELIMINARY PROSPECTUS SUPPLEMENT**

**(To Prospectus dated December 27, 2016)**

**2,861,290 Shares**

**OOMA, INC.**

**Common Stock**

This prospectus supplement relates to the shares of common stock of Ooma, Inc. being sold by the selling stockholders identified in this prospectus supplement. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol OOMA. On March 9, 2017, the last reported sales price of our common stock on the NYSE was \$9.00.

The selling stockholders have granted the underwriters a 30 day option to purchase up to an additional 429,193 shares of common stock at the public offering price, less the underwriting discount.

Investing in our common stock involves risks. See [Risk Factors](#) beginning on page S-5 of this prospectus supplement.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Selling Stockholders
Per Share	\$	\$	\$
Total	\$	\$	\$

(1) See Underwriting beginning on page S-11 for additional information regarding underwriting compensation. The underwriters expect to deliver the shares of common stock on or about , 2017.

**Neither the Securities and Exchange Commission, or SEC, nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

**Credit Suisse**

The date of this prospectus supplement is , 2017

**JMP Securities**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

A registration statement on Form S-3 (File No. 333-215155) utilizing a shelf registration process relating to the securities described in this prospectus supplement was initially filed with the SEC on December 16, 2016 and was declared effective on December 27, 2016.

This document is in two parts. The first part is this prospectus supplement, which contains specific information about the selling stockholders and describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus before deciding to invest in our common stock.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, you should rely on the information in this prospectus supplement. You should also read and consider the additional information under the caption "Where You Can Find More Information" in this prospectus supplement.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus and in any free writing prospectus with respect to this offering filed by us with the SEC. Neither we, the selling stockholders nor the underwriters have authorized any other person to provide you with different information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to the offering filed by us with the SEC and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

We and the selling stockholders are not and the underwriters are not offering to sell nor seeking offers to buy our common stock in any jurisdiction where offers and sales are not permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of our common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of our common stock and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Except where the context requires otherwise, references in this prospectus supplement, unless we state otherwise or the context otherwise requires, references to Ooma, we, us, our and similar terms refer to Ooma, Inc. and its wholly-owned subsidiaries. References to the selling stockholders refer to the selling stockholders named in the table under the heading "Selling Stockholders" in this prospectus supplement.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement contains or incorporates by reference certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements reflect our current views with respect to, among other things, future events and financial performance. We generally identify forward-looking statements by terminology such as outlook, believes, expects, potential, continues, may, will, could, should, seek, predicts, intends, plans, estimates, anticipates or the negative version of those words or other comparable words. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the date made, expectations may prove to have been materially different from the results expressed or implied by such forward-looking statements. Unless otherwise required by law, we also disclaim any obligation to update our view of any such risks or uncertainties or to announce publicly the result of any revisions to the forward-looking statements made in this prospectus supplement. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including:

our future financial performance, including trends in revenue, cost of revenue, operating expenses and income taxes;

our estimates of the size of our market opportunity and forecasts of market growth;

changes to our business resulting from increased competition or changes in market trends;

our ability to develop, launch or acquire new products and services, improve our existing products and services and increase the value of our products and services;

our ability to increase our revenue and our revenue growth rate;

our ability to anticipate demand for our products;

our ability to effectively manage our future growth;

our ability to successfully maintain our relationships with our resellers;

our ability to attract and retain customers, including our ability to maintain adequate customer care and manage increases in our churn rate;

our ability to improve local number portability provisioning and obtain direct inward dialing numbers;

our ability to maintain, protect and enhance our brand and intellectual property;

government regulation, including compliance with regulatory requirements and changes in market rules, rates and tariffs;

our ability to comply with the FCC's regulations regarding E-911 services;

increasing regulation of our services and the imposition of federal, state and municipal sales and use taxes, fees or surcharges on our services;

the effects of industry trends on our results of operations;

server or system failures that could affect the quality or disrupt the services we provide and our ability to maintain data security;

our ability to borrow additional funds and access capital markets, as well as our ability to comply with the terms of our indebtedness and the possibility that we may incur additional indebtedness in the future;

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the differences between our services, including our emergency calling service, compared to traditional phone services;

the sufficiency of our cash and cash equivalents and cash generated from operations to meet our working capital and capital expenditure requirements;

our ability to successfully enter new markets and manage our international expansion; and

our ability to successfully identify, evaluate and consummate acquisitions.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information about this prospectus supplement and may not contain all of the information that may be important to you. You should read the following summary together with the more detailed information appearing elsewhere in this prospectus supplement, as well as the financial statements and related notes thereto, the risk factors and other information included in or incorporated by reference in this prospectus supplement.*

**Overview**

We are a leading provider of innovative communications solutions and other connected services to small business, home, and mobile users. Our unique hybrid SaaS platform, consisting of our proprietary cloud, on-premise appliances, mobile applications, and end-point devices, provides the connectivity and functionality that power our solutions. Our communications solutions deliver our proprietary HD voice quality, advanced features, and integration with mobile devices, at extremely competitive pricing and value. Our platform helps create smart workplaces and homes by providing value-added communications and other connected services and by integrating end-point devices to enable the Internet of Things. Our platform and solutions have the power to provide communications, productivity, automation, monitoring, safety, security, and networking infrastructure applications to our users.

We drive the adoption of our platform by providing communications solutions to the large and growing markets for small business, home, and mobile users and then accelerate growth by offering new and innovative connected services to our user base. Our small business and home customers adopt our platform by making a one-time purchase of one of our on-premise appliances, connecting the appliance to the internet and activating services, for which they primarily pay on a monthly basis. Our communications solutions are distinguished by the combination of our proprietary HD voice quality, exceptional value, an advanced feature set enhanced by a number of end-point devices and integration with mobile devices. We believe we have achieved high levels of customer retention and loyalty by delivering exceptional quality and customer satisfaction.

Our services run on our unique platform consisting of four proprietary elements: our multi-tenant cloud service, custom on-premise appliance, mobile applications, and end-point devices. Ooma's cloud provides a high-quality, secure, managed, and reliable connection integrating every element of our platform. Our on-premise appliances incorporate both a custom-designed, Linux-based computer and a high speed network router, with several key features, including wireless connectivity to end-point devices and custom firmware and software applications that are remotely upgradable and extensible to new services. Our mobile applications enable customers to access our product features from anywhere, and our end-point devices enable additional functionality and services. Our platform powers all aspects of our business, not only providing the infrastructure for the communications portion of our business, but also enabling a number of other current and future valuable productivity, automation, monitoring, safety, security, and networking infrastructure applications.

**Recent Developments**

We recently announced that Ooma Office was selected as the official provider of cloud-based business phone services to WeWork members in the United States and Canada. Additionally, we introduced Ooma Home Security, a comprehensive do-it-yourself home security and monitoring solution that alerts users of events within their homes.

On March 7, 2017, we announced our unaudited preliminary results for the fourth quarter and full fiscal year 2017. For the fourth quarter fiscal 2017, we reported total revenue of \$27.6 million, an increase of 13%

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compared to \$24.0 million for the same quarter in fiscal year 2016. For fiscal year 2017, we reported total revenue of \$104.5 million, an increase of 18% compared to \$88.8 million in total revenue for fiscal year 2016.

During fourth quarter fiscal 2017, net loss was \$2.8 million, or \$0.16 per basic and diluted share, compared to net loss of \$3.2 million, or \$0.19 per basic and diluted share in the fourth quarter of fiscal 2016. Net loss for fiscal year 2017 was \$12.9 million, or \$ 0.74 per basic and diluted share, compared to net loss for fiscal year 2016 of \$14.1 million, or \$1.38 per basic and diluted share.

Gross margin increased to 57% in the fourth quarter fiscal 2017 compared to 54% for the same quarter in fiscal 2016. Gross margin for fiscal year 2017 was 57% compared to 53% in fiscal year 2016.

Adjusted EBITDA was \$0.2 million in the fourth quarter fiscal 2017 compared to (\$1.3) million for the same quarter in fiscal 2016. Adjusted EBITDA was (\$1.4) million for fiscal year 2017 compared to (\$6.5) million in fiscal year 2016.

Adjusted EBITDA is a non-GAAP analytical tool and it represents the net loss before interest and other income, depreciation and amortization and other non-GAAP expenses. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. The Company provides Adjusted EBITDA to enhance investors' understanding of the results of Ooma's core business operations. Management believes that Adjusted EBITDA allows for a better evaluation of the Company's performance by facilitating a meaningful comparison of the Company's core operating results in a given period to those in prior and future periods.

A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP measure is provided in the table below.

**(Amounts in thousands)**

	<b>Three Months Ended</b>		<b>Fiscal Year Ended</b>	
	<b>January 31,</b>	<b>January 31,</b>	<b>January 31,</b>	<b>January 31,</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Reconciliation of Net Loss to Adjusted EBITDA:</b>				
<b>Net Loss</b>	\$ (2,832)	\$ (3,183)	\$ (12,949)	\$ (14,052)
<b>Reconciling items:</b>				
Interest and other (income) expense, net	(81)	(10)	(327)	591
Depreciation and amortization	455	364	1,648	1,410
Amortization of intangibles	83	98	348	393
Stock-based compensation and related taxes	2,546	1,928	9,866	4,653
Change in fair value of acquisition-related contingent consideration		(448)		(281)
Change in fair value of warrants				442
Write-off of non-cash deferred debt issuance costs				332
<b>Adjusted EBITDA</b>	<b>\$ 171</b>	<b>\$ (1,251)</b>	<b>\$ (1,414)</b>	<b>\$ (6,512)</b>



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### **Market Opportunity**

We believe the combined total addressable market opportunity for Ooma in the small business, home and mobile communications applications market is massive.

***Opportunity and growth in the small business market.*** If each of the estimated 32.8 million small businesses with fewer than 20 employees in the U.S. and Canada, were to adopt the Ooma Office solution, and assuming that such small businesses with one or more employees were to adopt our Business Promoter service, for an estimated blended average total monthly fee of \$48 per subscriber, we estimate that our aggregate recurring annual revenue from small businesses in these markets would be approximately \$19 billion. Reports from the Federal Communications Commission ( FCC ) and the Canadian Radio-television and Telecommunications Commission ( CRTC ) show approximately 61 million business telephone lines in the U.S. and Canada in 2015/2016, with internet/cloud phone service representing 33% of those lines and a compound annual growth rate of about 33% from 2012 to 2015.

***Opportunity and growth in the home market.*** If each of the estimated 77.9 million home telephone lines in the U.S. and Canada were to adopt our solution and subscribe to our Ooma Premier and international and other calling services, with an estimated average total monthly fee of \$14.39, we estimate that our aggregate annual recurring revenue from residential customers in these markets would be approximately \$13 billion. FCC and CRTC reports, as well as data prepared by IDC Research, Inc., show approximately 78 million residential phone lines in the U.S. and Canada in 2015/2016, with internet/cloud phone service representing 57% of those lines and a compound annual growth rate of about 4% from 2012 to 2015.

***Opportunity in the mobile communications applications market.*** According to Infonetics Research, at the end of 2014 there were approximately 2.1 billion mobile over the top voice subscribers globally. If each of those users were to download and use our Talkatone app, with estimated annual advertising and usage revenue of approximately \$2.86 per user, then our estimated aggregate recurring annual revenue attributable to standalone mobile applications worldwide would be approximately \$6 billion.

### **Corporate Information**

We were incorporated in Delaware on November 19, 2003. We completed our initial public offering in July 2015, and our common stock is listed on the New York Stock Exchange under the symbol OOMA. Our mailing address and executive offices are located at 1880 Embarcadero Road, Palo Alto, California 94303, and our telephone number at that address is (650) 566-6600. Our website address is [www.ooma.com](http://www.ooma.com). Information contained on our website is not incorporated by reference into this prospectus, any prospectus supplement or into any information incorporated herein by reference. You should not consider information on our website to be part of this prospectus, prospectus supplement or any information incorporated by reference herein.

Ooma, PureVoice and the Ooma logo and any other trademarks or service marks of Ooma appearing in this prospectus and any prospectus supplement are the property of Ooma.

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**The Offering**

Common stock offered by the Selling Stockholders	2,861,290 shares of common stock
Common stock outstanding after this Offering	18,049,375 shares of common stock
Option to purchase additional shares from the Selling Stockholders	The Selling Stockholders have granted the underwriters an option for a period of 30 days from the date of this prospectus supplement to purchase up to 429,193 additional shares of common stock.
Use of proceeds	We will not receive any proceeds from the sale of shares of common stock by the selling stockholders. See Use of Proceeds.
Risk factors	An investment in our common stock involves risks. You should consider carefully all of the information set forth in this prospectus supplement, the accompanying prospectus, any free writing prospectus with respect to this offering filed by us with the SEC and the documents incorporated by reference herein and therein and, in particular, you should evaluate the specific risk factors set forth in the section entitled Risk Factors beginning on page S-5 of this prospectus supplement, before deciding whether to purchase our common stock in this offering.
NYSE symbol	OOMA
Unless the context requires otherwise, the number of shares of our common stock to be outstanding after this offering is based on 18,049,375 shares outstanding as of March 1, 2017. Unless otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their option to purchase additional shares.	

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**RISK FACTORS**

*Investing in our common stock involves a high degree of risk. In addition to the other information contained in this prospectus supplement, the accompanying prospectus and in documents that we incorporate by reference, you should carefully consider the risks discussed below and in Part II Other Information Item IA Risk Factors in our Annual report on Form 10-K for the year ended January 31, 2016 and Quarterly Report on Form 10-Q for the quarter ended October 31, 2016 before making a decision about investing in our securities. The risks and uncertainties discussed below and in our Quarterly Report on Form 10-Q for the quarter ended October 31, 2016 are not the only ones facing us. Additional risks and uncertainties not presently known to us, or that we currently see as immaterial, may also harm our business. If any of these risks occur, our business, financial condition and operating results could be harmed, the trading price of our common stock could decline and you could lose part or all of your investment.*

**Risks Related to the Offering and the Ownership of our Common Stock**

*Our stock price is volatile and purchasers of our common stock could incur substantial losses.*

The trading price of our common stock may be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this Risk Factors section and elsewhere in our filings with the SEC, these factors include:

our operating performance and the operating performance of similar companies;

the overall performance of the equity markets;

the number of shares our common stock publicly owned and available for trading;

threatened or actual litigation;

changes in laws or regulations relating to our solutions;

any major change in our board of directors or management;

publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts;

large volumes of sales of our shares of common stock by existing stockholders; and

general political and economic conditions.

In addition, the stock market in general has experienced extreme price and volume fluctuations. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. For example, we currently are engaged in securities litigation in the San Mateo County Superior Court of the State of California (Case No. CIV536959) related to our initial public offering. The consolidated complaint alleges that Ooma and the other defendants violated Sections 11, 12(a)(2) and 15 of the Securities Act. On July 1, 2016 Ooma filed its answer to the complaint, and on August 26, 2016 Ooma filed a motion for judgment on the pleadings. On January 4, 2017, the court granted the motion with leave to amend with respect to the Section 12(a)(2) and Section 15 claims, and denied the motion with respect to the Section 11 claim. Litigation is unpredictable and there can be no assurances that we will obtain a favorable final outcome or that we will be able to avoid unfavorable preliminary or interim rulings in the course of litigation that may significantly add to the expense of our defense and could result in substantial costs and diversion of resources.

***You may experience future dilution as a result of future equity offerings.***

In order to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock at prices that may not be the same as the



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price per share in this offering. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by investors in this offering, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders. The price per share at which we sell additional shares of our common stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid by investors in this offering.

***If securities or industry analysts discontinue publishing research or publish inaccurate or unfavorable research about our business, our stock price could decline.***

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price to decline.

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**USE OF PROCEEDS**

All of the shares of our common stock offered by this prospectus supplement will be sold by the selling stockholders. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders.

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**Table of Contents****MARKET PRICE FOR COMMON STOCK**

Our common stock is traded on the NYSE under the symbol OOMA. The table below sets forth, for the periods indicated, the high and low sale prices for our common stock as reported by the NYSE.

	<b>High</b>	<b>Low</b>
<b>Fiscal Year ending January 31, 2018</b>		
First Quarter (through March 8, 2017)	\$ 10.50	\$ 9.25
<b>Fiscal Year ended January 31, 2017</b>		
First Quarter	7.30	5.43
Second Quarter	8.67	6.22
Third Quarter	9.92	8.03
Fourth Quarter	9.90	8.40
<b>Fiscal Year ended January 31, 2016</b>		
Second Quarter	12.44	9.84
Third Quarter	11.45	6.18
Fourth Quarter	8.45	5.66

The last reported sales price of our common stock on the NYSE on March 9, 2017 was \$9.00 per share. As of March 1, 2017, there were 18,049,375 shares of common stock outstanding and we had 109 holders of record of our common stock.

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**DIVIDEND POLICY**

We have never declared or paid cash dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws and compliance with future credit agreements and other loan arrangements, which may restrict or limit our ability to pay dividends, 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.

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**Table of Contents****SELLING STOCKHOLDERS**

The following table, which was prepared based on information supplied to us by the selling stockholders, sets forth the name of the selling stockholders, the number of shares of common stock beneficially owned by each of the selling stockholders prior to this offering and the number of shares to be offered by the selling stockholders under this prospectus supplement. The table also provides information regarding the beneficial ownership of our common stock by the selling stockholders as adjusted to reflect the assumed sale of all of the shares of common stock offered under this prospectus supplement. The ownership percentage indicated in the following table is based on 18,049,375 shares of our common stock outstanding as of March 1, 2017.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

For a discussion of certain relationships between us and the selling stockholders see *Certain Relationships and Related Transactions* in our Proxy Statement on Schedule 14A for the 2016 annual meeting of our stockholders, which section of the Proxy Statement is incorporated by reference into this prospectus supplement.

Name of Selling Stockholders	Beneficial Ownership Prior to Offering		Number of Shares Offered Hereby (No Option Exercised)	Beneficial Ownership After Offering (No Option Exercised)		Number of Optional Shares Offered Hereby	Number of Shares Offered Hereby (Full Option Exercised)	Beneficial Ownership After Offering (Full Option Exercised)	
	Number	Percentage	Number	Number	Percentage	Number	Number	Number	Percentage
Entities affiliated with Worldview Technology Partners(1)									
Worldview Strategic Partners IV, L.P.	21,661	0.12%	18,045	3,616	0.02%	2,708	20,753	908	0.01%
Worldview Technology International IV, L.P.	476,965	2.64%	397,360	79,605	0.44%	59,603	456,963	20,002	0.11%
Worldview Technology Partners IV, L.P.	2,935,884	16.27%	2,445,885	489,999	2.71%	366,882	2,812,767	123,117	0.68%

- (1) Consists of entities affiliated with Worldview Technology Partners: (i) 21,661 shares of record held by Worldview Strategic Partners IV, L.P.; (ii) 476,965 shares of record held by Worldview Technology International IV, L.P.; and (iii) 2,935,884 shares of record held by Worldview Technology Partners IV, L.P. Worldview Capital IV, L.P. is the general partner of each of Worldview Technology Partners IV, L.P., Worldview Technology International IV, L.P., and Worldview Strategic Partners IV, L.P. Worldview Equity I, L.L.C. is the general partner of Worldview Capital IV, L.P. (collectively referred to as the *Worldview Entities*). The Members of Worldview Equity I, L.L.C. are James Wei, Mike Orsak and Susumu Tanaka, and they exercise shared voting and dispositive control over the shares held by the Worldview Entities. As a result, and by virtue of the

relationships described in this footnote, each of the Members of Worldview Equity I, L.L.C. may be deemed to share voting and dispositive power over the shares held by the Worldview Entities, but each Member disclaims beneficial ownership of the shares held by the Worldview Entities, except to the extent of any pecuniary interest therein. The address for each of the entities identified in this footnote is 99 S. Almaden Boulevard, 6<sup>th</sup> Floor, San Jose, California 95113.

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**Table of Contents****UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated as of the date of this prospectus supplement, the selling stockholders have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC and JMP Securities LLC are acting as representatives, the following respective numbers of shares of common stock:

<b>Underwriter</b>	<b>Number of Shares</b>
Credit Suisse Securities (USA) LLC	
JMP Securities LLC	
<b>Total</b>	<b>2,861,290</b>

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The selling stockholders have granted to the underwriters a 30-day option to purchase up to 429,193 additional shares from the selling stockholders at the public offering price less the underwriting discounts and commissions.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of \$      per share. The underwriters and selling stockholders may allow a discount of \$      per share on sales to other broker-dealers. After the public offering, the representatives may change the public offering price and concession to broker-dealers.

The following table summarizes the compensation the selling stockholders will pay:

	<b>Per Share</b>		<b>Total</b>	
	<b>Without Option to Purchase Additional Shares</b>	<b>With Option to Purchase Additional Shares</b>	<b>Without Option to Purchase Additional Shares</b>	<b>With Option to Purchase Additional Shares</b>
Underwriting discounts and commissions paid by selling stockholders	\$	\$	\$	\$

We estimate that our total expenses for this offering, excluding the underwriting discounts and commissions, will be approximately \$350,000, which will be paid by the selling stockholders. The selling stockholders have also agreed to reimburse the underwriters for certain FINRA-related expenses incurred by them in connection with this offering in an amount up to \$10,000.

The representatives have informed us that the underwriters do not expect sales to accounts over which the

underwriters have discretionary authority to exceed 5% of the shares of common stock being offered.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse Securities (USA) LLC and JMP Securities LLC and for a period of 90 days after the date of this prospectus supplement except issuances pursuant to the exercise of employee stock options outstanding on the date hereof.

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Our officers, directors and the selling stockholders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC and JMP Securities LLC for a period of 90 days after the date of this prospectus supplement, subject to limited exceptions.

The restrictions described in the immediately preceding paragraph shall not apply to:

the shares of our common stock to be sold by the selling stockholders in this offering;

transactions relating to shares of our common stock acquired in open market transactions after the completion of this offering; provided that no filing under the Exchange Act shall be required or shall be voluntarily made in connection with such open market transactions of our common stock during the 90 days after the date of this prospectus supplement, or the restricted period;