

Tableau Software Inc  
Form S-1  
October 28, 2013  
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As filed with the Securities and Exchange Commission on October 28, 2013

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-1**  
**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**TABLEAU SOFTWARE, INC.**

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

7372  
(Primary Standard Industrial Classification  
Code Number)  
837 North 34th Street, Suite 200

47-0945740  
(I.R.S. Employer  
Identification Number)

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Seattle, Washington 98103

(206) 633-3400

(Address, including zip code and telephone number, of Registrant's principal executive offices)

**Christian Chabot**

**Chief Executive Officer**

**Tableau Software, Inc.**

**837 North 34th Street, Suite 200**

**Seattle, Washington 98103**

**(206) 633-3400**

(Name, address, including zip code and telephone number, including area code, of agent for service)

*Copies to:*

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Class A Common Stock, \$0.0001 par value per share	\$450,000,000	\$57,960

- (1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.  
 (2) Includes offering price of any additional shares that the underwriters have the option to purchase.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To Completion. Dated October 28, 2013.

## Shares

### Class A Common Stock

The selling stockholders identified in this prospectus are offering \_\_\_\_\_ shares of Class A common stock of Tableau Software, Inc. We will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

We have two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately \_\_\_\_\_ % of the voting power of our outstanding capital stock immediately following the completion of this offering.

Our Class A common stock is listed on the New York Stock Exchange under the symbol DATA . On October 25, 2013, the last reported sale price of our Class A common stock on the New York Stock Exchange was \$63.66 per share.

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements.

See Risk Factors beginning on page 13 to read about factors you should consider before buying shares of our Class A common stock.

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

	Per Share	Total
Price to public	\$	\$

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Underwriting discount <sup>(1)</sup>	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

<sup>(1)</sup> See Underwriting for a description of the compensation payable to the underwriters. To the extent that the underwriters sell more than \_\_\_\_\_ shares of Class A common stock, the underwriters have the option to purchase up to an additional \_\_\_\_\_ shares from the selling stockholders at the price to the public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on \_\_\_\_\_, 2013.

**Goldman, Sachs & Co.**

**Credit Suisse**

**UBS Investment Bank**

**J.P. Morgan**

**JMP Securities**

**Morgan Stanley**

**RBC Capital Markets**

**Pacific Crest Securities**

Prospectus dated \_\_\_\_\_, 2013.

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Neither we, the selling stockholders nor the underwriters have authorized anyone to give any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we, the selling stockholders nor the underwriters take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Persons who come into possession of this prospectus and any applicable free writing prospectus we have prepared in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions in this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

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### **PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our Class A common stock, you should read the entire prospectus carefully, including the sections titled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. Unless the context suggests otherwise, references in this prospectus to Tableau, the company, we, us and our refer to Tableau Software, Inc. and, where appropriate, its subsidiaries.*

#### **Company Overview**

Our mission is to help people see and understand data.

Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value.

Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We aim to make our products easy to use, ubiquitous and as deeply-rooted in the workplace as spreadsheets are today.

Our software is designed for anyone with data and questions. We are democratizing the use of business analytics software by allowing people to access information, perform analysis and share results without assistance from technical specialists. By putting powerful, self-service analytical technology directly into the hands of people who make decisions with data, we seek to accelerate the pace of informed and intelligent decision making. This enables our customers to create better workplaces, with happier employees who are empowered to more fully express their ingenuity and creativity.

Our products are used by people of diverse skill levels across all kinds of organizations, including Fortune 500 corporations, small and medium-sized businesses, government agencies, universities, research institutions and non-profits. Organizations employ our products in a broad range of use cases such as increasing sales, streamlining operations, improving customer service, managing investments, assessing quality and safety, studying and treating diseases, completing academic research, addressing environmental problems and improving education. Our products are flexible and capable enough to help a single user on a laptop analyze data from a simple spreadsheet, or to enable thousands of users across an enterprise to execute complex queries against massive databases.

Underpinning our innovative products is a set of technology advances that spans the domains of sophisticated computer graphics, human-computer interaction and high performance database systems. These technology innovations include VizQL and our Hybrid Data Architecture:

**VizQL** Our breakthrough visual query language, VizQL, translates drag-and-drop actions into data queries and then expresses that information visually. VizQL unifies the formerly disparate tasks of query and visualization and allows users to transform questions into pictures without the need for software scripts, chart wizards or dialogue boxes that inhibit speed and flexibility. This capability is designed to enable a more intuitive, creative and engaging experience for our

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users. VizQL can deliver dramatic gains in people's ability to see and understand data, and we believe it represents a foundational advancement in the field of analytics.

***Hybrid Data Architecture*** Our Hybrid Data Architecture combines the power and flexibility of our Live Query and In-Memory Data Engines. Our Live Query Engine allows users to instantaneously connect to large volumes of data in its existing format and location, reducing the need for time-consuming data transformation processes that only technical specialists can perform. In addition, this capability allows customers to leverage investments in their existing data platforms and to capitalize on the capabilities of high performance databases. Our In-Memory Data Engine enables users to import large amounts of data into our own in-memory database. Using advanced algorithms and data compression techniques, our in-memory technology facilitates quick query responses on up to hundreds of millions of rows of data. Our Hybrid Data Architecture enables these data engines to work in harmony, allowing users the flexibility to access and analyze data from diverse sources and locations, while optimizing speed and performance for each source.

Our distribution strategy is based on a land and expand business model and is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. Our products tend to be adopted at a grassroots level within organizations, often beginning with a free trial, and then spread across departments, divisions and geographies via word-of-mouth, the discovery of new use cases and our sales effort. Over time, many of our customers find that the use of our products expands to a broad cross-section of their organizations and that our deployments and use cases become significantly more strategic in nature. Accordingly, we have developed enterprise-class product and service capabilities that allow us to both complement and supplant core, legacy business intelligence deployments.

As of September 30, 2013, we had more than 13,500 customers across a broad array of company sizes and industries and located in over 100 countries. Some of our largest customers include Deere & Company, affiliates of Deloitte Touche Tohmatsu Limited, E. I. du Pont de Nemours and Company, the Federal Aviation Administration, Sears Holdings Corporation and affiliates of Verizon Communications Inc. In addition, we have cultivated strong relationships with technology partners to help us extend the reach of our products. These partners include both traditional database vendors such as International Business Machines Corporation, or IBM, Microsoft Corporation, Oracle Corporation and Teradata Corporation and emerging database vendors such as Amazon.com, Cloudera Inc., Google Inc., Pivotal Greenplum Database, or Pivotal GPDB, and Vertica (a division of Hewlett-Packard Company).

We have achieved significant growth in recent periods. For the years ended December 31, 2010, 2011 and 2012, our total revenues were \$34.2 million, \$62.4 million and \$127.7 million, respectively, representing a compound annual growth rate of approximately 93% from 2010 to 2012. For the nine months ended September 30, 2012 and 2013, our total revenues were \$85.9 million and \$151.0 million, respectively, representing 76% growth over the same period of the prior year. We also generated net income of \$2.7 million, \$3.4 million and \$1.4 million for the years ended December 31, 2010, 2011 and 2012, respectively, and have generated positive cash flow from operating activities on an annual basis in each of those fiscal years. Our net income (loss) for the nine months ended September 30, 2012 and 2013 was \$2.5 million and \$(4.2) million, respectively, and we generated positive cash flow from operating activities in each of those fiscal quarters. We believe our land and expand business model provides financial visibility as aggregate revenues from subsequent sales of products and maintenance services to our customers have typically been multiples of the revenues we realized from those customers' initial purchases.



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### **Industry Background**

We believe that organizations increasingly regard their data as a critical strategic resource. The remarkable growth in the volume, diversity and accessibility of digital information creates the potential for people to make more informed, timely and intelligent decisions. In today's increasingly competitive environment, we believe that the value of rapid and more informed decision-making continues to grow.

According to International Data Corporation, or IDC, the amount of digital information created, replicated and consumed worldwide will grow exponentially from 0.8 trillion gigabytes in 2010 to 40 trillion gigabytes in 2020. Many organizations are expected to experience a doubling in the volume of data across their enterprises approximately every 24 months, according to IDC, and are investing heavily to scale their data storage and management platforms to accommodate this growth.\* These growing volumes of data are also increasingly diverse in terms of their source, format and location. Today, organizations create and manage data across a broad range of platforms, from traditional relational databases, to an array of emerging data platforms to cloud computing platforms.

As a consequence of the increasing richness and volume of data, more and more people are demanding access to information in order to gain insight, solve problems and monitor the performance of their organizations. The growth of cloud computing technologies and the proliferation of connected devices such as tablets and smartphones are enabling users to access information anytime and anywhere. We believe that these trends are accelerating the demand for analytical technology, as more information and engagement provokes more questions and fuels demand for more analysis, answers and value. At the same time, advances in user experience driven by consumer technology companies such as Amazon, Apple, Facebook and Google have raised user expectations regarding intuitive, flexible and convenient access to information.

These factors have created a backdrop of growing data resources, increased user appetite for information and rising expectations for accessibility and ease of use. As a result, many organizations are seeking technology that will allow their people to easily access the right information, answer questions, gain insight and share their findings. These organizations are seeking to empower their employees and to unleash their creativity and problem-solving abilities.

People within organizations have traditionally accessed data via static reports from enterprise applications and business intelligence platforms maintained by IT departments. These systems, predominantly designed and built in the 1990s, are generally heavy, complex, inflexible and expensive. As a result, business users are forced to depend on specialized resources to operate, modify and maintain these systems. The divide between users seeking insight and technical specialists lacking business context introduces inefficiencies and time lags that inhibit the utility and value of these systems. Because most business users lack the time, skills and financial resources necessary to address the limitations of these systems, their adoption has largely been limited to a narrow population of power users with technical expertise and training and to a narrow population of companies.

Faced with these challenges, many knowledge workers today rely on spreadsheets as their primary analytical tool. While spreadsheets are widely available and easier to use than traditional business intelligence platforms, they have a number of limitations. Spreadsheets are not generally designed to facilitate direct and dynamic data access, making the process of importing and updating data manual, cumbersome and error prone. In addition, spreadsheets are not built to accommodate large data sets and offer limited interactive visual capabilities, thereby reducing performance and limiting analytical scope and insight.

\* See note 1 in the section titled Market, Industry and Other Data.

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### **Opportunity**

The market for traditional business analytics software is large and well established, with IDC reporting aggregate spending of \$34.9 billion in 2012 in this worldwide market sector. IDC also reported that the worldwide spending on business intelligence tools alone, a subset of the overall business analytics software market, was \$12.5 billion in 2012.\* In addition, organizations also spend billions of dollars on hardware, support and services to implement and maintain traditional business intelligence systems. According to Gartner, Inc., organizations are expected to spend \$81.0 billion on business analytics and related services in 2014.\*\*

According to an August 2012 Forrester Research, Inc., or Forrester, report, Forrester estimated that there will be 615 million information workers globally in 2013 and it predicts that number to grow to 865 million by 2016.\*\*\* Additionally, a Forrester survey of information workers conducted in the fourth quarter of 2012 indicated that only 17% of respondents use a data dashboard or business intelligence tools as part of their job.\*\*\*\* Accordingly, we believe a significant percentage of information workers are not accessing business intelligence software, and they instead use alternative approaches to meet their analytical needs.

We believe the limitations of traditional approaches coupled with the demand for business analytics has presented an opportunity to pioneer a new class of business analytics software that addresses, complements and expands the business intelligence market and enhances office productivity tools such as spreadsheets, and that is specifically designed to enable a broad population of users to gain insight from their data.

### **Our Solution**

#### ***Product Design Principles***

We have pioneered a fundamentally new approach to business analytics. Our software products, Tableau Desktop, Tableau Server, Tableau Online and Tableau Public, embody a set of design principles that reflect our values as a company and our mission to help people see and understand data:

***Simple*** Our software is designed to allow everyday business users to answer questions with ease. We have pioneered a number of core technologies that make our products intuitive and easy to use. For example, these innovations allow our users to utilize drag-and-drop gestures to execute queries, seamlessly shift graphical perspectives on their data and easily answer new questions as their thinking progresses. The simplicity of our products allows users to establish functional proficiency quickly and speeds the adoption of our technology.

***Fast*** Our software is designed to access and process large volumes of data rapidly and to enable responsive and agile analysis, allowing users to answer questions with data at the speed of thought. We believe that improvements in speed can increase user engagement with data and enhance the range, quality and timeliness of insights that are developed.

***Powerful*** Our fundamental goal is to allow our users to ask and answer questions with their data. The power to accomplish that goal arises from our ability to marry ease of use with advanced analytical capabilities in a manner that allows our customers to generate useful perspectives on their data. Our products are designed for everyday people but also incorporate

\* See note 2 in the section titled Market, Industry and Other Data.

\*\* See note 5 in the section titled Market, Industry and Other Data.

\*\*\* See note 3 in the section titled Market, Industry and Other Data.

\*\*\*\* See note 4 in the section titled Market, Industry and Other Data.

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advanced features such as predictive analysis that can meet the needs of many advanced users of business analytics products.

***Beautiful*** Impactful and engaging visualization lies at the heart of our software. We have incorporated key elements from the fields of visual perception, psychology and graphic design into our products that empower our users to generate content that is effective and beautiful by default. Beautiful and high quality design allows everyday people to engage in broad, creative thinking and encourages them to share content.

***Ubiquitous*** We seek to make our software accessible to users wherever and whenever they need information and insight. Our software is designed so that users throughout organizations can explore their data and publish findings in a way that can be accessed on a broad range of platforms and devices, including tablets and smartphones.

### ***Product Benefits***

When combined with our technology innovations, these product design principles have resulted in products that provide the following benefits for our customers:

***Liberation*** The simplicity and ease of use of our software gives people the power to access, analyze and share data without the assistance of technical specialists. This self-service capability democratizes access to data, expands the potential user population within organizations and reduces training and support costs. We believe that providing the freedom for people to more powerfully and conveniently answer questions empowers employees and drives value for our customers.

***Speed*** Our software is designed to enable people to derive value from their data at an accelerated pace. Due to our focus on ease of use and ease of deployment, our users can quickly gain proficiency in our software and generate results rapidly, without the complication, time investment and frustration often associated with traditional business intelligence products. In addition, because our software is able to connect directly to a broad range of data sources, our users can perform work without having to undertake complex and time-consuming data movement and transformation. Many of our customers have reported that they are able to achieve their desired results with our software more than ten times faster than they can with their existing systems.

***Discovery*** We believe that the human mind is better able to process information, discern trends and identify patterns when presented with information in a visual format. By fundamentally integrating data analysis and visualization, our software allows people to create powerful visualizations and dashboards that can lead to new discoveries. Our software is designed to seamlessly blend, filter and drill down on information, without the distraction of dialogue boxes, wizards and scripts, allowing users to rapidly and iteratively develop greater insight from their data.

***Communication and sharing*** We facilitate more effective communication by empowering people to express themselves creatively and tell better stories with data. The collaborative features of our software are designed to foster more sharing of data and to improve the dissemination of information across and among enterprises. Our focus on designing our products for ubiquity allows users to publish results in a single format that can be consumed anywhere, enabling customers to interact with data readily and conveniently. We believe that our software enables our customers to share more insights and have richer conversations about their information.

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***Enterprise grade*** Our products provide a secure, highly available, enterprise-class platform designed to scale to tens of thousands of users, across desktop, Web and mobile clients, and meet the needs of the largest organizations globally. We have built products that can be installed or deployed in minutes without specialized skills and readily integrate with enterprise data, management and security infrastructure. Our products provide enterprise-level security that has passed the stringent requirements of customers in the national defense, financial services and healthcare sectors. We believe our products uniquely blend the benefits of self-service and ease of use with enterprise readiness.

***Value*** Our products are designed to provide an attractive return on investment to our customers. Our self-service product capabilities dramatically reduce IT resources, professional services and support costs typically associated with traditional or competing business intelligence vendors. Our software also has low minimum hardware requirements, which can reduce related capital costs. Through Tableau Online, customers also have an option of deploying our server product without the need for internal infrastructure. In addition, our pricing and land and expand business model allow customers to deploy our software without having to make significant upfront economic commitments.

### **Growth Strategy**

Our mission to help people see and understand data presents a broad and momentous market opportunity. We intend to continue to invest in a number of growth initiatives to allow us to pursue our mission aggressively. Our strategies for growth include:

***Expand our customer base*** We believe that we have the opportunity to substantially expand our present base of customer accounts. We are expanding our online and offline marketing efforts to increase our brand awareness. We are also making significant investments in growing both our direct sales teams and indirect sales channels.

***Further penetrate our existing customer base*** Leveraging our land and expand business model, we intend to continue to increase adoption of our products within and across our existing customers, as they expand the number of users and develop new use cases for our products. A Forrester survey of information workers conducted in the fourth quarter of 2012 indicated that 59% of information workers are currently using spreadsheets for work.\* We believe this presents an opportunity to extend the reach of our products within our customers. Our sales and marketing strategy and focus on customer success help our customers identify and pursue new use cases within their organizations.

***Grow internationally*** With approximately 19% of our total revenues generated outside the United States and Canada in the nine months ended September 30, 2013, we believe there is significant opportunity to grow our international business. Our products currently support eight languages, and we are aggressively expanding our direct sales force and indirect sales channels outside the United States. We have international operations in Australia, Canada, France, Germany, Ireland, Japan, Singapore and the United Kingdom, and we intend to invest in further expanding our footprint in these and other regions.

***Relentlessly innovate and advance our products*** We have sought to rapidly improve the capabilities of our products over time and intend to continue to invest in product innovation and leadership. Building on our foundational technology innovations, including VizQL, we have released eight major versions of our software to date, rapidly expanding and improving our feature set and capabilities. We plan to continue to invest in research and development,

\* See note 4 in the section titled Market, Industry and Other Data.

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including hiring top technical talent, focusing on core technology innovation and maintaining an agile organization that supports rapid release cycles. In particular, we intend to focus on further developing our cloud and mobile capabilities, expanding our advanced analytical and statistical functionality, adding new visualization formats and expanding the range of data sources and platforms we can address.

***Extend our distribution channels and partner ecosystem*** We plan to continue investing in distribution channels, technology partners and original equipment manufacturer, or OEM, relationships to help us enter and grow in new markets while complementing our direct sales efforts. We are actively growing our indirect channels, particularly in international markets. We intend to continue to invest in technology partnerships that enable us to build and promote complementary capabilities that benefit our customers. We have also recently introduced application programming interfaces, or APIs, to further empower our developer and OEM partner ecosystem to create applications that embed Tableau functionality.

***Foster our passionate user community*** We benefit from a vibrant and engaged user community. We are investing in initiatives to further expand and energize this group, both online, through our online community site and through events such as our annual customer conferences. In addition, Tableau Public, which we launched as a free cloud-based service, has a community of engaged users from media, government, non-profit and other organizations, who are passionate about sharing public data online. We intend to expand these efforts and to seek other means to evangelize our mission and facilitate sharing of best practices and success stories.

***Treasure and cultivate our exceptional culture*** We believe our culture is a core ingredient of our success. Our employees share a passion for our mission, and our mission stands at the top of a list of eight core cultural values that govern our approach to our business. Our other core values include: Teamwork; Product leadership; Using our own products; Respect; Honesty; Simplicity; and Commitment to delighting customers. Our values permeate our organization and drive our identity as a company. For example, we strive to paint virtually all aspects of our business with a brush of simplicity, including product user interfaces, pricing models, business processes and marketing strategies.

### **Risks Associated with Our Business**

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled **Risk Factors** immediately following this prospectus summary. Some of these risks are:

due to our rapid growth, we have a limited operating history at our current scale, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful;

we may not be able to sustain our revenue growth rate or profitability in the future;

if we fail to manage our growth effectively, our business and results of operations will be adversely affected;

we face intense competition, and we may not be able to compete effectively, which could reduce demand for our products and adversely affect our business, growth, revenues and market share;

our success is highly dependent on our ability to penetrate the existing market for business analytics software as well as the growth and expansion of that market;



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our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict;

if we are unable to attract new customers and expand sales to existing customers, both domestically and internationally, our growth could be slower than we expect and our business may be harmed; and

economic uncertainties or downturns could materially adversely affect our business.

## **Corporate Information**

We were formed as Tableau Software LLC, a Delaware limited liability company, in 2003 and incorporated as Tableau Software, Inc., a Delaware corporation, in 2004. Our principal executive offices are located at 837 North 34th Street, Suite 200, Seattle, Washington 98103 and our telephone number is (206) 633-3400. Our website address is [www.tableausoftware.com](http://www.tableausoftware.com). Information contained on or accessible through our website is not a part of this prospectus and should not be relied upon in determining whether to make an investment decision.

Tableau, Tableau Software, VizQL, the Tableau Software logo and other trade names, trademarks or service marks of Tableau appearing in this prospectus are the property of Tableau. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders.

Additionally, we are an emerging growth company as defined in the recently enacted Jumpstart Our Business Startups Act, or the JOBS Act, and therefore we may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions until we are no longer an emerging growth company. In addition, the JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption and, therefore, we are not subject to the same new or revised accounting standards as other public companies that are not emerging growth companies until these standards apply to private companies.

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**The Offering**

Class A common stock offered by the selling stockholders

shares

Class A common stock to be outstanding after this offering

shares

Class B common stock to be outstanding after this offering

shares

Total Class A and Class B common stock to be outstanding after this offering

59,152,528 shares

Option to purchase additional shares of Class A common stock offered by the selling stockholders

shares

Voting rights

We have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A and Class B common stock are identical, except with respect to voting and conversion rights. The holders of Class A common stock are entitled to one vote per share, and the holders of Class B common stock are entitled to ten votes per share, on all matters that are subject to stockholder vote. The Class B common stock also has certain approval rights for certain corporate actions. Each share of Class B common stock may be converted into one share of Class A common stock at the option of the holder thereof and will be automatically converted into one share of Class A common stock upon transfer thereof, subject to certain exceptions. See the section titled "Description of Capital Stock" for additional information.

Use of proceeds

We will not receive any of the proceeds from the sale of shares to be offered by the selling stockholders. See the section titled "Use of Proceeds" for additional information.

Risk factors

See the section titled "Risk Factors" beginning on page 13 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

NYSE symbol

DATA



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The number of shares of Class A and Class B common stock to be outstanding upon the completion of this offering is based on 9,430,000 shares of our Class A common stock and 49,722,528 shares of our Class B common stock outstanding as of September 30, 2013, and excludes:

317,400 shares of Class A common stock issuable upon the exercise of options outstanding as of September 30, 2013 pursuant to our 2013 Equity Incentive Plan, or 2013 Plan, at a weighted-average exercise price of \$37.41 per share;

132,350 shares of Class A common stock issuable upon the settlement of restricted stock units, or RSUs, outstanding as of September 30, 2013 pursuant to our 2013 Plan;

15,016,940 shares of Class B common stock issuable upon the exercise of outstanding stock options as of September 30, 2013 pursuant to our 2004 Equity Incentive Plan, or our 2004 Plan, at a weighted-average exercise price of \$6.06 per share;

5,703,499 shares of Class A common stock reserved for future issuance under our 2013 Plan as of September 30, 2013 as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this benefit plan; and

2,000,000 shares of Class A common stock reserved for issuance under our 2013 Employee Stock Purchase Plan, or our ESPP, as well as any automatic increases in the number of shares of Class A common stock reserved for future issuance under this benefit plan.

In addition, unless we specifically state otherwise, all information in this prospectus assumes:

no exercise of outstanding options or settlement of RSUs since September 30, 2013; and

no exercise of the underwriters' option to purchase up to an additional \_\_\_\_\_ shares of Class A common stock.

**Table of Contents****Summary Consolidated Financial and Other Data**

The following tables summarize our consolidated financial and other data. You should read this summary consolidated financial and other data together with the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as our consolidated financial statements and related notes included elsewhere in this prospectus.

We have derived the consolidated statements of operations data for the years ended December 31, 2010, 2011 and 2012 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the unaudited consolidated statements of operations data for the nine months ended September 30, 2012 and 2013 and the unaudited consolidated balance sheet data as of September 30, 2013 from our unaudited consolidated financial statements that are included elsewhere in this prospectus. Our unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of those unaudited consolidated financial statements. Our historical results are not necessarily indicative of the results that should be expected in the future, and our interim results are not necessarily indicative of the results that should be expected for the full year or any other period.

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(in thousands, except per share data)				
	(unaudited)				
<b>Consolidated Statements of Operations Data:</b>					
<b>Revenues</b>					
License	\$ 24,223	\$ 44,414	\$ 89,883	\$ 59,807	\$ 101,895
Maintenance and services	9,938	17,946	37,850	26,120	49,086
Total revenues	34,161	62,360	127,733	85,927	150,981
<b>Cost of revenues</b>					
License	67	213	305	170	523
Maintenance and services	1,271	2,800	10,057	6,809	11,951
Total cost of revenues <sup>(1)</sup>	1,338	3,013	10,362	6,979	12,474
Gross profit	32,823	59,347	117,371	78,948	138,507
<b>Operating expenses</b>					
Sales and marketing <sup>(1)</sup>	16,440	30,363	62,333	39,125	83,426
Research and development <sup>(1)</sup>	9,734	18,387	33,065	22,706	42,514
General and administrative <sup>(1)</sup>	3,809	6,679	17,715	10,533	18,064
Total operating expenses	29,983	55,429	113,113	72,364	144,004
Operating income (loss)	2,840	3,918	4,258	6,584	(5,497)
Other income (expense), net		(16)	(54)	(49)	(350)
Net income (loss) before income tax expense (benefit)	2,840	3,902	4,204	6,535	(5,847)
Income tax expense (benefit)	102	523	2,777	4,052	(1,678)
Net income (loss)	\$ 2,738	\$ 3,379	\$ 1,427	\$ 2,483	\$ (4,169)
Net income (loss) per share attributable to common stockholders:					
Basic	\$ 0.03	\$ 0.04	\$ 0.00	\$ 0.03	\$ (0.09)
Diluted	\$ 0.03	\$ 0.04	\$ 0.00	\$ 0.03	\$ (0.09)



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	Year Ended December 31,			Nine Months	
	2010	2011	2012	Ended September 30, 2012	2013
	(in thousands, except per share data)				
	(unaudited)				
Weighted average shares used to compute net income (loss) per share attributable to common stockholders:					
Basic	32,163	33,008	33,744	33,676	47,049
Diluted	37,833	39,431	39,652	39,597	47,049

	Year Ended December 31,			Nine Months	
	2010	2011	2012	Ended September 30, 2012	2013
	(in thousands)				
<b>Other Financial Data:</b>					
Non-GAAP operating income <sup>(2)</sup>	\$ 3,478	\$ 5,366	\$ 11,005	\$ 9,837	\$ 4,036
Non-GAAP net income <sup>(3)</sup>	3,376	4,792	6,854	5,333	4,062
Free cash flow <sup>(4)</sup>	8,207	7,953	7,203	9,854	7,564

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,			Nine Months	
	2010	2011	2012	Ended September 30, 2012	2013
	(in thousands)				
	(unaudited)				
Cost of revenues	\$ 18	\$ 22	\$ 107	\$ 66	\$ 291
Sales and marketing	256	565	1,394	933	3,506
Research and development	262	628	2,115	1,445	3,785
General and administrative	102	233	1,180	809	1,951
<b>Total stock-based compensation expense</b>	<b>\$ 638</b>	<b>\$ 1,448</b>	<b>\$ 4,796</b>	<b>\$ 3,253</b>	<b>\$ 9,533</b>

- (2) Non-GAAP operating income is a non-GAAP financial measure that we calculate as operating income (loss) excluding stock-based compensation expense and, for 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. For more information about non-GAAP operating income and a reconciliation of non-GAAP operating income to operating income (loss), the most directly comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles, or GAAP, see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."
- (3) Non-GAAP net income is a non-GAAP financial measure that we calculate as net income (loss) excluding stock-based compensation expense and, for 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. For more information about non-GAAP net income and a reconciliation of non-GAAP net income to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."
- (4) Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less net cash used in investing activities for purchases of property and equipment. For more information about free cash flow and a reconciliation of free cash flow to net cash provided by operating activities, the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."

	As of
	September 30, 2013
	(in thousands)
<b>Consolidated Balance Sheet Data:</b>	
Cash and cash equivalents	\$ 226,337
Working capital	202,720
Total assets	301,697
Total stockholders' equity	214,767



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**RISK FACTORS**

*Investing in our Class A common stock involves a high degree of risk. You should carefully consider the following risks and all of the other information contained in this prospectus, including our consolidated financial statements and related notes, before investing in our Class A common stock. While we believe that the risks and uncertainties described below are the material risks currently facing us, additional risks that we do not yet know of or that we currently think are immaterial may also arise and materially affect our business. If any of the following risks materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our Class A common stock could decline, and you may lose some or all of your investment.*

**Risks Related to Our Business and Industry**

*Due to our rapid growth, we have a limited operating history at our current scale, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.*

We have been growing rapidly in recent periods, and as a result have a relatively short history operating our business at its current scale. For example, we have significantly increased the number of our employees and have expanded our operations worldwide. Furthermore, we operate in an industry that is characterized by rapid technological innovation, intense competition, changing customer needs and frequent introductions of new products, technologies and services. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in evolving industries. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in the market, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

Our future success will depend in large part on our ability to, among other things:

maintain and expand our business, including our operations and infrastructure to support our growth, both domestically and internationally;

compete with other companies, custom development efforts and open source initiatives that are currently in, or may in the future enter, the market for our software;

expand our customer base, both domestically and internationally;

renew maintenance agreements with, and sell additional products to, existing customers;

improve the performance and capabilities of our software;

hire, integrate, train and retain skilled talent, including members of our direct sales force and software engineers;

maintain high customer satisfaction and ensure quality and timely releases of our products and product enhancements;

maintain, expand and support our indirect sales channels and strategic partner network;

maintain the quality of our website infrastructure to minimize latency when downloading or utilizing our software;

increase market awareness of our products and enhance our brand; and

maintain compliance with applicable governmental regulations and other legal obligations, including those related to intellectual property, international sales and taxation.

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If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this Risk Factors section, our business will be adversely affected and our results of operations will suffer.

*We may not be able to sustain our revenue growth rate or profitability in the future.*

While we have achieved profitability on an annual basis over the past three years, we have not consistently achieved profitability on a quarterly basis during that same period. For example, we had net losses in the fourth quarter of 2010, the third quarter of 2011, the fourth quarter of 2012 and the first and second quarters of 2013. We expect expenses to increase substantially in the near term, particularly as we make significant investments in our sales and marketing organization, expand our operations and infrastructure both domestically and internationally and develop new products and new features for and enhancements of our existing products. In addition, in connection with operating as a public company, we are incurring additional significant legal, accounting and other expenses that we did not incur as a private company. If our revenues do not increase to offset these increases in our operating expenses, we may not be profitable in future periods.

Moreover, our historical revenue growth should not be considered indicative of our future performance. As we grow our business, we expect our revenue growth rates to slow in future periods due to a number of reasons, which may include slowing demand for our products, increasing competition, a decrease in the growth of our overall market, our failure, for any reason, to continue to capitalize on growth opportunities, the maturation of our business or the decline in the number of organizations into which we have not already expanded.

*We have been growing rapidly and expect to continue to invest in our growth for the foreseeable future. If we fail to manage this growth effectively, our business and results of operations will be adversely affected.*

We have experienced rapid growth in a relatively short period of time. Our revenues grew from \$34.2 million in 2010 to \$127.7 million in 2012 and from \$85.9 million in the nine months ended September 30, 2012 to \$151.0 million in the nine months ended September 30, 2013. Our number of full-time employees increased from 188 as of December 31, 2010 to 1,039 as of September 30, 2013. During this period, we also established operations in a number of countries outside the United States.

We intend to continue to aggressively grow our business. For example, we plan to continue to hire new employees at a rapid pace, particularly in our sales and engineering groups. If we cannot adequately train these new employees, including our direct sales force, our sales may decrease or our customers may lose confidence in the knowledge and capability of our employees. In addition, we are expanding internationally, establishing operations in additional countries outside the United States, and we intend to make direct and substantial investments to continue our international expansion efforts. We must successfully manage our growth to achieve our objectives. Although our business has experienced significant growth in the past, we cannot provide any assurance that our business will continue to grow at the same rate, or at all.

Our ability to effectively manage any significant growth of our business will depend on a number of factors, including our ability to do the following:

effectively recruit, integrate, train and motivate a large number of new employees, including our direct sales force, while retaining existing employees, maintaining the beneficial aspects of our corporate culture and effectively executing our business plan;

satisfy existing customers and attract new customers;

successfully introduce new products and enhancements;



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continue to improve our operational, financial and management controls;

protect and further develop our strategic assets, including our intellectual property rights; and

make sound business decisions in light of the scrutiny associated with operating as a public company.

These activities will require significant capital expenditures and allocation of valuable management and employee resources, and our growth will continue to place significant demands on our management and our operational and financial infrastructure.

Our future financial performance and our ability to execute on our business plan will depend, in part, on our ability to effectively manage any future growth. There are no guarantees we will be able to do so in an efficient or timely manner, or at all. In particular, any failure to successfully implement systems enhancements and improvements will likely negatively impact our ability to manage our expected growth, ensure uninterrupted operation of key business systems and comply with the rules and regulations that are applicable to public reporting companies. Moreover, if we do not effectively manage the growth of our business and operations, the quality of our software could suffer, which could negatively affect our brand, results of operations and overall business.

***We face intense competition, and we may not be able to compete effectively, which could reduce demand for our products and adversely affect our business, growth, revenues and market share.***

The market for our products is intensely and increasingly competitive and subject to rapidly changing technology and evolving standards. In addition, many companies in our target market are offering, or may soon offer, products and services that may compete with our products.

Our current primary competitors generally fall into three categories:

large software companies, including suppliers of traditional business intelligence products that provide one or more capabilities that are competitive with our products, such as International Business Machines Corporation, Microsoft Corporation, Oracle Corporation and SAP AG;

spreadsheet software providers, such as Microsoft Corporation; and

new and emerging business analytics software companies, such as Qlik Technologies Inc. and TIBCO Spotfire (a subsidiary of TIBCO Software Inc.).

In addition, we may compete with open source initiatives and custom development efforts. We expect competition to increase as other established and emerging companies enter the business analytics software market, as customer requirements evolve and as new products and technologies are introduced. We expect this to be particularly true with respect to our cloud-based initiatives as we and our competitors seek to provide business analytics products based on a software-as-a-service, or SaaS, platform. This is a relatively new and evolving area of business analytics solutions, and we anticipate competition to increase based on customer demand for these types of products.

Many of our competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services or other resources and greater name recognition than we do. In addition, many of our competitors have strong relationships with current and potential customers and extensive knowledge of the business analytics industry. As a result, they may be able to respond more quickly to new or emerging technologies and changes in customer requirements, for example by offering a SaaS-based product that competes with our on-premise products or Tableau Online, our SaaS product, or devoting

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greater resources to the development, promotion and sale of their products than we do. Moreover, many of these competitors are bundling their analytics products into larger deals or maintenance renewals, often at significant discounts. Increased competition may lead to price cuts, alternative pricing structures or the introduction of products available for free or a nominal price, fewer customer orders, reduced gross margins, longer sales cycles and loss of market share. We may not be able to compete successfully against current and future competitors, and our business, results of operations and financial condition will be harmed if we fail to meet these competitive pressures.

Our ability to compete successfully in our market depends on a number of factors, both within and outside of our control. Some of these factors include ease and speed of product deployment and use, discovery and visualization capabilities, analytical and statistical capabilities, performance and scalability, the quality and reliability of our customer service and support, total cost of ownership, return on investment and brand recognition. Any failure by us to compete successfully in any one of these or other areas may reduce the demand for our products, as well as adversely affect our business, results of operations and financial condition.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others. By doing so, these competitors may increase their ability to meet the needs of our customers or potential customers. In addition, our current or prospective indirect sales channel partners may establish cooperative relationships with our current or future competitors. These relationships may limit our ability to sell or certify our products through specific distributors, technology providers, database companies and distribution channels and allow our competitors to rapidly gain significant market share. These developments could limit our ability to obtain revenues from existing and new customers and to maintain maintenance and support revenues from our existing and new customers. If we are unable to compete successfully against current and future competitors, our business, results of operations and financial condition would be harmed.

***Our success is highly dependent on our ability to penetrate the existing market for business analytics software as well as the growth and expansion of that market.***

Although the overall market for business analytics software is well-established, the market for business analytics software like ours is relatively new, rapidly evolving and unproven. Our future success will depend in large part on our ability to penetrate the existing market for business analytics software, as well as the continued growth and expansion of what we believe to be an emerging market for analytics solutions that are faster, easier to adopt, easier to use and more focused on self-service capabilities. It is difficult to predict customer adoption and renewal rates, customer demand for our products, the size, growth rate and expansion of these markets, the entry of competitive products or the success of existing competitive products. Our ability to penetrate the existing market and any expansion of the emerging market depends on a number of factors, including the cost, performance and perceived value associated with our products, as well as customers' willingness to adopt a different approach to data analysis. Furthermore, many potential customers have made significant investments in legacy business analytics software systems and may be unwilling to invest in new software. If we are unable to penetrate the existing market for business analytics software, the emerging market for self-service analytics solutions fails to grow or expand, or either of these markets decreases in size, our business, results of operations and financial condition would be adversely affected.

***Our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.***

Our revenues and results of operations could vary significantly from quarter to quarter as a result of various factors, many of which are outside of our control, including:

the expansion of our customer base;

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the renewal of maintenance agreements with, and sales of additional products to, existing customers;

the size, timing and terms of our perpetual license sales to both existing and new customers;

the mix of direct sales versus sales through our indirect sales channels;

the timing and growth of our business, in particular through our hiring of new employees and international expansion;

the introduction of products and product enhancements by existing competitors or new entrants into our market, and changes in pricing for products offered by us or our competitors;

customers delaying purchasing decisions in anticipation of new products or product enhancements by us or our competitors or otherwise;

changes in customers' budgets;

customer acceptance of and willingness to pay for new versions of our products;

seasonal variations in our sales, which have generally historically been highest in the fourth quarter of a calendar year and lowest in the first quarter;

seasonal variations related to sales and marketing and other activities, such as expenses related to our annual customer conferences;

our ability to control costs, including our operating expenses;

our ability to hire, train and maintain our direct sales force;

the timing of satisfying revenue recognition criteria, particularly with regard to large transactions;

fluctuations in our effective tax rate; and

general economic and political conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers operate.

Any one of these or other factors discussed elsewhere in this prospectus may result in fluctuations in our revenues and operating results, meaning that quarter-to-quarter comparisons of our revenues, results of operations and cash flows may not necessarily be indicative of our future performance.

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We may not be able to accurately predict our future revenues or results of operations. For example, a large percentage of the revenues we recognize each quarter has been attributable to sales made in the last month of that same quarter. Our license revenues, which are primarily attributable to perpetual licenses, in particular can be impacted by short-term shifts in customer demand. As a result, our ability to forecast revenues on a quarterly or longer-term basis is limited. In addition, we base our current and future expense levels on our operating plans and sales forecasts, and our operating expenses are expected to be relatively fixed in the short term. Accordingly, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect our financial results for that quarter. The variability and unpredictability of these and other factors could result in our failing to meet or exceed financial expectations for a given period.

***If we are unable to attract new customers and expand sales to existing customers, both domestically and internationally, our growth could be slower than we expect and our business may be harmed.***

Our future growth depends in part upon increasing our customer base. Our ability to achieve significant growth in revenues in the future will depend, in large part, upon the effectiveness of our

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marketing efforts, both domestically and internationally, and our ability to attract new customers. This may be particularly challenging where an organization has already invested substantial personnel and financial resources to integrate traditional business intelligence products into its business, as such organization may be reluctant or unwilling to invest in a new product. If we fail to attract new customers and maintain and expand those customer relationships, our revenues will grow more slowly than expected and our business will be harmed.

Our future growth also depends upon expanding sales of our products to and renewing license and maintenance agreements with existing customers and their organizations. In order for us to improve our operating results, it is important that our existing customers make additional significant purchases of our products. If our customers do not purchase additional licenses or capabilities, our revenues may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our current customer base requires increasingly sophisticated and costly sales efforts that are targeted at senior management. There can be no assurance that our efforts would result in increased sales to existing customers, or upsells, and additional revenues. If our efforts to upsell to our customers are not successful, our business would suffer. Moreover, while most of our software is licensed and sold under perpetual license agreements, we also enter into term license agreements with some of our customers and have recently begun selling a SaaS-based product, Tableau Online, which is sold on a subscription basis. In addition, all of our maintenance and support agreements are sold on a term basis. In order for us to grow our revenues and increase profitability, it is important that our existing customers renew their maintenance and support agreements and their term licenses, if applicable, when the initial contract term expires. Our customers have no obligation to renew their term licenses or maintenance and support contracts with us after the initial terms have expired. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their satisfaction or dissatisfaction with our software or professional services, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, the effects of economic conditions, or reductions in our customers' spending levels. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenues may decline.

***We derive substantially all of our revenues from a limited number of software products.***

We currently derive and expect to continue to derive substantially all of our revenues from our Tableau Desktop, Tableau Server and Tableau Online software products. As such, the continued growth in market demand of these software products is critical to our continued success. Demand for our software is affected by a number of factors, including continued market acceptance of our products, the timing of development and release of new products by our competitors, price changes by us or by our competitors, technological change, growth or contraction in the traditional and expanding business analytics market, and general economic conditions and trends. If we are unable to continue to meet customer demands or to achieve more widespread market acceptance of our software, our business, results of operations, financial condition and growth prospects will be materially and adversely affected.

***Our success depends on increasing the number and value of enterprise sales transactions, which typically involve a longer sales cycle, greater deployment challenges and additional support and services than sales to individual purchasers of our products.***

Growth in our revenues and profitability depends in part on our ability to complete more and larger enterprise sales transactions. As we have continued to invest in our sales team and product capabilities, the number of individual sales orders over \$100,000 has increased from 111 in 2011 to 239 in 2012. These larger transactions may involve significant customer negotiation. Enterprise customers may undertake a significant evaluation process, which can last from several months to a year or longer. For example, in recent periods, excluding renewals, our transactions over \$100,000

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have generally taken over three months to close. Any individual transaction may take substantially longer than three months to close. If our sales cycle were to lengthen in this manner, events may occur during this period that affect the size or timing of a purchase or even cause cancellations, which may lead to greater unpredictability in our business and results of operations. We will spend substantial time, effort and money on enterprise sales efforts without any assurance that our efforts will produce any sales.

We may also face unexpected deployment challenges with enterprise customers or more complicated installations of our software platform. It may be difficult to deploy our software platform if the customer has unexpected database, hardware or software technology issues. Additional deployment complexities may occur if a customer hires a third party to deploy or implement our products or if one of our indirect sales channel partners leads the implementation of our products. In addition, enterprise customers may demand more configuration and integration services, which increase our upfront investment in sales and deployment efforts, with no guarantee that these customers will increase the scope of their use. As a result of these factors, we must devote a significant amount of sales support and professional services resources to individual customers, increasing the cost and time required to complete sales. Any difficulties or delays in the initial implementation, configuration or integration of our products could cause customers to reject our software or lead to the delay or non-receipt of future orders which would harm our business, results of operations and financial condition.

***If our new products and product enhancements do not achieve sufficient market acceptance, our results of operations and competitive position will suffer.***

We spend substantial amounts of time and money to research and develop new software and enhanced versions of our existing software to incorporate additional features, improve functionality, function in concert with new technologies or changes to existing technologies and allow our customers to analyze a wide range of data sources. When we develop a new product or an enhanced version of an existing product, we typically incur expenses and expend resources upfront to market, promote and sell the new offering. Therefore, when we develop and introduce new or enhanced products, they must achieve high levels of market acceptance in order to justify the amount of our investment in developing and bringing them to market.

Further, we may make changes to our software that our customers do not find useful. We may also discontinue certain features, begin to charge for certain features that are currently free or increase fees for any of our features or usage of our software. We may also face unexpected problems or challenges in connection with new product or feature introductions.

Our new products or product enhancements, such as Tableau Online and our most recent release, Tableau 8.0, and changes to our existing software could fail to attain sufficient market acceptance for many reasons, including:

failure to predict market demand accurately in terms of software functionality and capability or to supply software that meets this demand in a timely fashion;

inability to operate effectively with the technologies, systems or applications of our existing or potential customers;

defects, errors or failures;

negative publicity about their performance or effectiveness;

delays in releasing our new software or enhancements to our existing software to the market;

the introduction or anticipated introduction of competing products by our competitors;

an ineffective sales force;



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poor business conditions for our end-customers, causing them to delay purchases; and

the reluctance of customers to purchase software incorporating open source software.

In addition, because our products are designed to operate on and with a variety of systems, we will need to continuously modify and enhance our products to keep pace with changes in technology. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion.

If our new software or enhancements and changes do not achieve adequate acceptance in the market, our competitive position will be impaired, and our revenues could decline. The adverse effect on our results of operations may be particularly acute because of the significant research, development, marketing, sales and other expenses we will have incurred in connection with the new software or enhancements.

***We are dependent on the continued services and performance of our senior management and other key personnel, the loss of any of whom could adversely affect our business.***

Our future success depends in large part on the continued contributions of our senior management and other key personnel. In particular, the leadership of key management personnel is critical to the successful management of our company, the development of our products, and our strategic direction. We do not maintain key person insurance for any member of our senior management team or any of our other key employees. Our senior management and key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. The loss of any of our key management personnel could significantly delay or prevent the achievement of our development and strategic objectives and adversely affect our business.

***If we are unable to attract, integrate and retain additional qualified personnel, including top technical talent, our business could be adversely affected.***

Our future success depends in part on our ability to identify, attract, integrate and retain highly skilled technical, managerial, sales and other personnel, including top technical talent from the industry and top research institutions. We face intense competition for qualified individuals from numerous other companies, including other software and technology companies, many of whom have greater financial and other resources than we do. These companies also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than those we have to offer. In addition, new hires often require significant training and, in many cases, take significant time before they achieve full productivity. We may incur significant costs to attract and retain qualified personnel, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them. Moreover, new employees may not be or become as productive as we expect, as we may face challenges in adequately or appropriately integrating them into our workforce and culture. In addition, as we move into new geographies, we will need to attract and recruit skilled personnel in those areas. We have little experience with recruiting in geographies outside of the United States, and may face additional challenges in attracting, integrating and retaining international employees. If we are unable to attract, integrate and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements, on a timely basis or at all, our business will be adversely affected.

Volatility or lack of positive performance in our stock price may also affect our ability to attract and retain our key employees. Many of our senior management personnel and other key employees have become, or will soon become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their vested options



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have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options, or, conversely, if the exercise prices of the options that they hold are significantly above the market price of our common stock. If we are unable to appropriately incentivize and retain our employees through equity compensation, or if we need to increase our compensation expenses in order to appropriately incentivize and retain our employees, our business, results of operations, financial condition and cash flows would be adversely affected.

### ***Our growth depends on being able to expand our direct sales force successfully.***

To date, most of our revenues have been attributable to the efforts of our direct sales force in the United States. In order to increase our revenues and profitability, we must increase the size of our direct sales force, both in the United States and internationally, to generate additional revenues from new and existing customers. We intend to substantially further increase our number of direct sales professionals.

We believe that there is significant competition for sales personnel with the skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining sufficient numbers of direct sales personnel to support our growth. New hires require significant training and may take significant time before they achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. In addition, as we continue to grow rapidly, a large percentage of our sales force will be new to our company and our products, which may adversely affect our sales if we cannot train our sales force quickly or effectively. Attrition rates may increase and we may face integration challenges as we continue to seek to aggressively expand our sales force. If we are unable to hire and train sufficient numbers of effective sales personnel, or the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be adversely affected.

### ***If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork, passion and focus on execution that we believe contribute to our success, and our business may be harmed.***

We believe that our corporate culture has been a critical component to our success. We have invested substantial time and resources in building our team. As we grow and mature as a public company, we may find it difficult to maintain our corporate culture. Any failure to preserve our culture could negatively affect our future success, including our ability to retain and recruit personnel and effectively focus on and pursue our corporate objectives.

### ***Real or perceived errors, failures or bugs in our software could adversely affect our results of operations and growth prospects.***

Because our software is complex, undetected errors, failures or bugs may occur, especially when new versions or updates are released. Our software is often installed and used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into computing environments may expose undetected errors, compatibility issues, failures or bugs in our software. Despite testing by us, errors, failures or bugs may not be found in our software until it is released to our customers. Moreover, our customers could incorrectly implement or inadvertently misuse our software, which could result in customer dissatisfaction and adversely impact the perceived utility of our products as well as our brand. Any of these real or perceived errors, compatibility issues, failures or bugs in our software could result in negative publicity, reputational harm, loss of or delay in market acceptance of our software, loss of competitive position or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or

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other reasons, to expend additional resources in order to help correct the problem. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions, delays or cessation of our licensing, which could cause us to lose existing or potential customers and could adversely affect our results of operations and growth prospects.

### ***Interruptions or performance problems associated with our technology and infrastructure may adversely affect our business and results of operations.***

We have in the past experienced, and may in the future experience, performance issues due to a variety of factors, including infrastructure changes, human or software errors, website or third-party hosting disruptions or capacity constraints due to a number of potential causes including technical failures, cyber-attacks, security vulnerabilities, natural disasters or fraud. If our security is compromised, our website is unavailable or our users are unable to download our software within a reasonable amount of time or at all, our business could be negatively affected. Moreover, if our security measures, products or services are subject to cyber-attacks that degrade or deny the ability of users to access our website, products or services, our products or services may be perceived as unsecure and we may incur significant legal and financial exposure. In particular, our cloud-based products Tableau Online and Tableau Public may be especially vulnerable to interruptions or performance problems. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. These cloud-based products are hosted at third-party data centers that are not under our direct control. If these data centers were to be damaged or suffer disruption, our ability to provide these products to our customers could be impaired and our reputation could be harmed.

In addition, it may become increasingly difficult to maintain and improve our website performance, especially during peak usage times and as our software becomes more complex and our user traffic increases. Adverse consequences could include unanticipated system disruptions, slower response times, degradation in level of customer support and impaired quality of users' experiences, and could result in customer dissatisfaction and the loss of existing customers. We expect to continue to make significant investments to maintain and improve website performance and security and to enable rapid and secure releases of new features and applications for our software. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and results of operations may be adversely affected.

We also rely on SaaS technologies from third parties in order to operate critical functions of our business, including financial management services from NetSuite Inc. and customer relationship management services from salesforce.com, inc. If these services become unavailable due to extended outages or interruptions, security vulnerabilities or cyber-attacks, or because they are no longer available on commercially reasonable terms or prices, our expenses could increase, our ability to manage these critical functions could be interrupted and our processes for managing sales of our software and supporting our customers could be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could adversely affect our business.

### ***Our products use third-party software and services that may be difficult to replace or cause errors or failures of our products that could lead to a loss of customers or harm to our reputation and our operating results.***

We license third-party software and depend on services from various third parties for use in our products. In the future, this software or these services may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of the software or services could result in decreased functionality of our products until equivalent technology is either developed by us or, if available from another provider, is identified, obtained and integrated, which could harm our business.

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In addition, any errors or defects in or failures of the third-party software or services could result in errors or defects in our products or cause our products to fail, which could harm our business and be costly to correct. Many of these providers attempt to impose limitations on their liability for such errors, defects or failures, and if enforceable, we may have additional liability to our customers or third-party providers that could harm our reputation and increase our operating costs.

We will need to maintain our relationships with third-party software and service providers, and to obtain software and services from such providers that do not contain any errors or defects. Any failure to do so could adversely impact our ability to deliver effective products to our customers and could harm our operating results.

### ***If customers demand products that provide business analytics via a SaaS business model, our business could be adversely affected.***

In recent years, we believe that companies have begun to expect that key software be provided through a SaaS model, and customers may eventually require that we provide our product via a SaaS deployment. We have recently launched Tableau Online, our cloud-based service that provides our software's core capabilities as a commercial SaaS offering. We anticipate using our current cash or future cash flows to fund further development of this product, and we may encounter difficulties that cause our costs to exceed our current expectations. Moreover, to commercially provide this product at scale, we will need to make additional investments in related infrastructure such as server farms, data centers, network bandwidth and technical operations personnel. All of these investments will negatively affect our operating results. Even if we make these investments, we may be unsuccessful in achieving significant market acceptance of this new product. Moreover, sales of a potential future SaaS offering by our competitors could adversely affect sales of all of our existing products. In addition, increasing sales of our SaaS offering could cannibalize license sales of our on-premise desktop and server products to our existing and prospective customers, which could negatively impact our overall sales growth. The migration of our customers to a SaaS model would also change the manner in which we recognize revenues, which could adversely affect our operating results and business operations.

### ***Our success depends on our ability to maintain and expand our indirect sales channels.***

Historically, we have used indirect sales channel partners, such as original equipment manufacturers, technology partners, systems integrators and resellers, to a limited degree. Indirect sales channel partners are becoming an increasingly important aspect of our business, particularly with regard to enterprise and international sales. Our future growth in revenues and profitability depends in part on our ability to identify, establish and retain successful channel partner relationships in the United States and internationally, which will take significant time and resources and involve significant risk.

We cannot be certain that we will be able to identify suitable indirect sales channel partners. To the extent we do identify such partners, we will need to negotiate the terms of a commercial agreement with them under which the partner would distribute our products. We cannot be certain that we will be able to negotiate commercially-attractive terms with any channel partner, if at all. In addition, all channel partners must be trained to distribute our products. In order to develop and expand our distribution channel, we must develop and improve our processes for channel partner introduction and training.

We also cannot be certain that we will be able to maintain successful relationships with any channel partners. These channel partners may not have an exclusive relationship with us, and may offer customers the products of several different companies, including products that compete with ours. With or without an exclusive relationship, we cannot be certain that they will prioritize or provide adequate resources for selling our products. A lack of support by any of our channel partners may harm our ability to develop, market, sell or support our products, as well as harm our brand. There can be no assurance that our channel partners will comply with the terms of our commercial agreements.

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with them or will continue to work with us when our commercial agreements with them expire or are up for renewal. If we are unable to maintain our relationships with these channel partners, or these channel partners fail to live up to their contractual obligations, our business, results of operations and financial condition could be harmed.

### ***Our long-term growth depends in part on being able to expand internationally on a profitable basis.***

Historically, we have generated a substantial majority of our revenues from customers inside the United States and Canada. For example, approximately 81% of our total revenues in the nine months ended September 30, 2013 was derived from sales within the United States and Canada. We have begun to expand internationally and plan to continue to expand our international operations as part of our growth strategy. Expanding our international operations will subject us to a variety of risks and challenges, including:

increased management, travel, infrastructure and legal compliance costs associated with having multiple international operations;

management communication and integration problems resulting from geographic dispersion and language and cultural differences;

sales and customer service challenges associated with operating in different countries;

increased reliance on indirect sales channel partners outside the United States;

longer payment cycles and difficulties in collecting accounts receivable or satisfying revenue recognition criteria, especially in emerging markets;

increased financial accounting and reporting burdens and complexities;

general economic or political conditions in each country or region;

economic uncertainty around the world and adverse effects arising from economic interdependencies across countries and regions;

compliance with foreign laws and regulations and the risks and costs of non-compliance with such laws and regulations;

compliance with laws and regulations for foreign operations, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our software in certain foreign markets, and the risks and costs of non-compliance;

heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of financial statements and irregularities in financial statements;

fluctuations in currency exchange rates and related effects on our results of operations;

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difficulties in repatriating or transferring funds from or converting currencies in certain countries;

the need for localized software and licensing programs;

reduced protection for intellectual property rights in certain countries and practical difficulties and costs of enforcing rights abroad;  
and

compliance with the laws of numerous foreign taxing jurisdictions and overlapping of different tax regimes.

Any of these risks could adversely affect our international operations, reduce our international revenues or increase our operating costs, adversely affecting our business, results of operations and financial condition and growth prospects.

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For example, compliance with laws and regulations applicable to our international operations increases our cost of doing business in foreign jurisdictions. We may be unable to keep current with changes in government requirements as they change from time to time. Failure to comply with these regulations could have adverse effects on our business. In addition, in many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. laws and regulations applicable to us. We have not historically had formal policies with respect to these laws and regulations, and have only recently begun to implement compliance procedures designed to prevent violations of these laws and regulations. There can be no assurance that all of our employees, contractors, indirect sales channel partners and agents will comply with the formal policies we will implement, or applicable laws and regulations. Violations of laws or key control policies by our employees, contractors, channel partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties, or the prohibition of the importation or exportation of our software and services and could have a material adverse effect on our business and results of operations.

***Our business is highly dependent upon our brand recognition and reputation, and the failure to maintain or enhance our brand recognition or reputation would likely adversely affect our business and results of operations.***

We believe that maintaining and enhancing the Tableau brand identity and our reputation are critical to our relationships with our customers and channel partners and to our ability to attract new customers and channel partners. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in our market continues to develop. Our success in this area will depend on a wide range of factors, some of which are beyond our control, including the following:

the efficacy of our marketing efforts;

our ability to continue to offer high-quality, innovative and error- and bug-free products;

our ability to retain existing customers and obtain new customers;

our ability to maintain high customer satisfaction;

the quality and perceived value of our products;

our ability to successfully differentiate our products from those of our competitors;

actions of our competitors and other third parties;

our ability to provide customer support and professional services;

any misuse or perceived misuse of our products;

positive or negative publicity;

interruptions, delays or attacks on our website; and

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litigation- or regulatory-related developments.

Our brand promotion activities may not be successful or yield increased revenues.

Independent industry analysts often provide reviews of our products, as well as those of our competitors, and perception of our products in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products and services, our brand may be adversely affected.

Furthermore, negative publicity, whether or not justified, relating to events or activities attributed to us, our employees, our partners or others associated with any of these parties, may tarnish our reputation and reduce the value of our brand. Damage to our reputation and loss of brand equity may reduce demand for our products and have an adverse effect on our business, operating results and

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financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brand may be costly and time consuming, and such efforts may not ultimately be successful.

### ***Economic uncertainties or downturns could materially adversely affect our business.***

Current or future economic uncertainties or downturns could adversely affect our business and results of operations. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, the continued sovereign debt crisis, potential future government shutdowns, the federal government's failure to raise the debt ceiling, financial and credit market fluctuations, political deadlock, natural catastrophes, warfare and terrorist attacks on the United States, Europe, the Asia Pacific region or elsewhere, could cause a decrease in business investments, including corporate spending on business analytics software in general and negatively affect the rate of growth of our business.

Although legislation was recently passed to fund the federal government and lift the debt ceiling, the law only does so through early 2014, and legislators will have to negotiate a longer-term solution later this year, which could lead to additional shutdowns or other disruptions. In addition, general worldwide economic conditions have experienced a significant downturn and continue to remain unstable. These conditions make it extremely difficult for our customers and us to forecast and plan future business activities accurately, and they could cause our customers to reevaluate their decisions to purchase our products, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times our customers may tighten their budgets and face issues in gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely affect our financial results.

To the extent purchases of our software are perceived by customers and potential customers to be discretionary, our revenues may be disproportionately affected by delays or reductions in general information technology spending. Also, customers may choose to develop in-house software as an alternative to using our products. Moreover, competitors may respond to market conditions by lowering prices and attempting to lure away our customers. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our software.

We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the economic conditions of the general economy or industries in which we operate do not improve, or worsen from present levels, our business, results of operations, financial condition and cash flows could be adversely affected.

### ***If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in U.S. dollars, could be adversely affected.***

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U.S. dollar in the future, our sales contracts have historically been denominated in U.S. dollars, and therefore substantially all of our revenues have not been subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our software to our customers outside of the United States, which could adversely affect our business, results of operations, financial condition and cash flows. In addition, we incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of such expenses being higher. This could have a negative impact on our reported results of operations. Although we may in the future decide to undertake foreign exchange



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hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.

### ***Failure to protect our intellectual property rights could adversely affect our business.***

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or license under patent and other intellectual property laws of the United States, so that we can prevent others from using our inventions and proprietary information. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business might be adversely affected. However, defending our intellectual property rights might entail significant expenses. Any of our patent rights, copyrights, trademarks or other intellectual property rights may be challenged by others, weakened or invalidated through administrative process or litigation.

As of September 30, 2013, we had ten issued U.S. patents covering our technology and 11 patent applications pending for examination in the United States. The patents that we own or license from others (including those that have issued or may issue in the future) may not provide us with any competitive advantages or may be challenged by third parties, and our patent applications may never be granted.

Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain.

Any patents that are issued may subsequently be invalidated or otherwise limited, allowing other companies to develop offerings that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition. In addition, issuance of a patent does not guarantee that we have a right to practice the patented invention. Patent applications in the United States are typically not published until 18 months after filing or, in some cases, not at all, and publications of discoveries in industry-related literature lag behind actual discoveries. We cannot be certain that third parties do not have blocking patents that could be used to prevent us from marketing or practicing our patented software or technology.

Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our software is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the United States (in particular, some foreign jurisdictions do not permit patent protection for software), and mechanisms for enforcement of intellectual property rights may be inadequate. Additional uncertainty may result from changes to intellectual property legislation enacted in the United States, including the recent America Invents Act, and other national governments and from interpretations of the intellectual property laws of the United States and other countries by applicable courts and agencies. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we endeavor to enter into non-disclosure agreements with our employees, licensees and others who may have access to this information, we cannot assure you that these agreements or other steps we have taken will prevent unauthorized use, disclosure or reverse engineering of our technology. Moreover, third parties may independently develop technologies or products that compete with ours, and we may be unable to prevent this competition.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our

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proprietary rights or to establish the validity of our proprietary rights. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert counterclaims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially viable. Any litigation, whether or not resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business, results of operations, financial condition and cash flows.

***We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies.***

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. The litigation may involve patent holding companies or other adverse patent owners that have no relevant product revenues and against which our patents may therefore provide little or no deterrence. We have received, and may in the future receive, notices that claim we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims, which is not uncommon with respect to the business analytics software market.

There may be third-party intellectual property rights, including issued or pending patents that cover significant aspects of our technologies or business methods. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. As a result, we may be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for any infringing aspect of our business, we would be forced to limit or stop sales of our software and may be unable to compete effectively. Any of these results would adversely affect our business, results of operations, financial condition and cash flows.

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

We use open source software in our software and expect to continue to use open source software in the future. We may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to such open source software, including by demanding release of the open source software, derivative works or our proprietary source code that was developed using such software. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for the open source code change, we may be forced to re-engineer our software or incur additional costs. Finally, we cannot assure you that we have not incorporated open source software into our software in a manner that may subject our proprietary software to an open source license that requires

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disclosure, to customers or the public, of the source code to such proprietary software. Any such disclosure would have a negative effect on our business and the value of our software.

*We may be subject to litigation for a variety of claims, which could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business.*

In addition to intellectual property litigation, we may be subject to other claims arising from our normal business activities. These may include claims, suits, and proceedings involving labor and employment, wage and hour, commercial and other matters. The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention and resources, and lead to attempts on the part of other parties to pursue similar claims. Any adverse determination related to litigation could adversely affect our results of operations, harm our reputation or otherwise negatively impact our business. In addition, depending on the nature and timing of any such dispute, a resolution of a legal matter could materially affect our future results of operations, our cash flows or both.

*Our success depends in part on maintaining and increasing our sales to customers in the public sector.*

We derive a portion of our revenues from contracts with federal, state, local and foreign governments and agencies, and we believe that the success and growth of our business will continue to depend on our successful procurement of government contracts. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that our efforts will produce any sales. Factors that could impede our ability to maintain or increase the amount of revenues derived from government contracts include:

changes in fiscal or contracting policies;

decreases in available government funding;

changes in government programs or applicable requirements;

the adoption of new laws or regulations or changes to existing laws or regulations;

potential delays or changes in the government appropriations or other funding authorization processes;

governments and governmental agencies requiring contractual terms that are unfavorable to us, such as most-favored-nation pricing provisions; and

delays in the payment of our invoices by government payment offices.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing our software in the future or otherwise have an adverse effect on our business, results of operations, financial condition and cash flows.

Further, to increase our sales to customers in the public sector, we must comply with laws and regulations relating to the formation, administration, performance and pricing of contracts with the public sector, including U.S. federal, state and local governmental bodies, which affect how we and our channel partners do business in connection with governmental agencies. These laws and regulations may impose added costs on our business, and failure to comply with these laws and regulations or other applicable requirements, including non-compliance in the past, could lead to claims for damages from our channel partners or government customers, penalties, termination of contracts, loss of intellectual property rights and temporary suspension or permanent debarment from government contracting. Any such damages, penalties, disruptions or limitations in our ability to do business with



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the public sector could have a material adverse effect on our business, results of operations, financial condition and cash flows.

*Future acquisitions could disrupt our business and adversely affect our results of operations, financial condition and cash flows.*

We may choose to expand by making acquisitions that could be material to our business, results of operations, financial condition and cash flows. Our ability as an organization to successfully acquire and integrate technologies or businesses is unproven. Acquisitions involve many risks, including the following:

an acquisition may negatively affect our results of operations, financial condition or cash flows because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, including potential write-downs of deferred revenues, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;

we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;

an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;

an acquisition may result in a delay or reduction of customer purchases for both us and the company we acquired due to customer uncertainty about continuity and effectiveness of service from either company;

we may encounter difficulties in, or may be unable to, successfully sell any acquired products;

an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;

challenges inherent in effectively managing an increased number of employees in diverse locations;

the potential strain on our financial and managerial controls and reporting systems and procedures;

potential known and unknown liabilities associated with an acquired company;

our use of cash to pay for acquisitions would limit other potential uses for our cash;

if we incur debt to fund such acquisitions, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants;

the risk of impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions;

to the extent that we issue a significant amount of equity or convertible debt securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease; and

managing the varying intellectual property protection strategies and other activities of an acquired company.

We may not succeed in addressing these or other risks or any other problems encountered in connection with the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant

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delay in achieving integration, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

***We may require additional capital to fund our business and support our growth, and our inability to generate and obtain such capital on acceptable terms, or at all, could harm our business, operating results, financial condition and prospects.***

We intend to continue to make substantial investments to fund our business and support our growth. In addition, we may require additional funds to respond to business challenges, including the need to develop new features or enhance our software, improve our operating infrastructure or acquire or develop complementary businesses and technologies. As a result, we may need to engage in equity or debt financings to provide the funds required for these and other business endeavors. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve 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 not be able to obtain such additional financing on terms favorable to us, if at all. 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 impaired, and our business may be adversely affected. In addition, our inability to generate or obtain the financial resources needed may require us to delay, scale back, or eliminate some or all of our operations, which may have a material adverse effect on our business, operating results, financial condition and prospects.

In addition, the recent global financial crisis which included, among other things, significant reductions in available capital and liquidity from banks and other providers of credit and substantial reductions or fluctuations in equity and currency values worldwide, may make it difficult for us to raise additional capital or obtain additional credit, when needed, on acceptable terms or at all.

***Governmental export or import controls could limit our ability to compete in foreign markets and subject us to liability if we violate them.***

Our products are subject to U.S. export controls, and we incorporate encryption technology into certain of our products. These products and the underlying technology may be exported only with the required export authorizations, including by license, a license exception or other appropriate government authorizations. U.S. export controls may require submission of an encryption registration, product classification and annual or semi-annual reports. Governmental regulation of encryption technology and regulation of imports or exports of encryption products, or our failure to obtain required import or export authorization for our products, when applicable, could harm our international sales and adversely affect our revenues. Compliance with applicable regulatory requirements regarding the export of our products, including with respect to new releases of our software, may create delays in the introduction of our product releases in international markets, prevent our customers with international operations from deploying our products or, in some cases, prevent the export of our products to some countries altogether. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by U.S. sanctions. If we fail to comply with export and import regulations and such economic sanctions, we may be fined or other penalties could be imposed, including a denial of certain export privileges. Moreover, any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or in the countries, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export

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or sell our products to, existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business, financial condition and results of operations.

***We may have additional tax liabilities, which could harm our business, operating results, financial condition and prospects.***

Significant judgments and estimates are required in determining the provision for income taxes and other tax liabilities. Our tax expense may be impacted if our intercompany transactions, which are required to be computed on an arm's-length basis, are challenged and successfully disputed by the tax authorities. Also, our tax expense could be impacted depending on the applicability of withholding taxes and indirect tax on software licenses and related intercompany transactions in certain jurisdictions. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service, or IRS, and other tax authorities. The tax authorities in the United States and other countries where we do business regularly examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges to operations that could have a material impact on the results of operations, financial position or cash flows.

***Determining our income tax rate is complex and subject to uncertainty.***

The computation of provision for income tax is complex, as it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under GAAP. Provision for income tax for interim quarters is based on a forecast of our U.S. and non-U.S. effective tax rates for the year, which includes forward looking financial projections, including the expectations of profit and loss by jurisdiction, and contains numerous assumptions. Various items cannot be accurately forecasted and future events may be treated as discrete to the period in which they occur. Our provision for income tax can be materially impacted, for example, by the geographical mix of our profits and losses, changes in our business, such as internal restructuring and acquisitions, changes in tax laws and accounting guidance and other regulatory, legislative or judicial developments, tax audit determinations, changes in our uncertain tax positions, changes in our intent and capacity to permanently reinvest foreign earnings, changes to our transfer pricing practices, tax deductions attributed to equity compensation and changes in our need for a valuation allowance for deferred tax assets. For these reasons, our actual income taxes may be materially different than our provision for income tax.

***The enactment of legislation implementing changes in the U.S. taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.***

Recent changes to U.S. tax laws, including limitations on the ability of taxpayers to claim and utilize foreign tax credits, as well as changes to U.S. tax laws that may be enacted in the future, could impact the tax treatment of our foreign earnings. Due to expansion of our international business activities, any changes in the U.S. taxation of such activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations.

***Our international operations subject us to potentially adverse tax consequences.***

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. In December 2012, we more closely aligned our corporate structure with our international expansion, establishing a wholly-owned subsidiary in Ireland



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to provide order processing, technical and administrative support to all of our international operations, except for Canada and Japan, and transferring ownership of our Germany, Singapore and United Kingdom subsidiaries to this Irish entity. Such intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

***Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our results of operations and financial condition.***

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. For example, we host our Tableau Online and Tableau Public products from a data center located in the San Francisco Bay Area, a region known for seismic activity. Our facilities would likely be costly to repair or replace, and any such efforts would likely require substantial time. Any disruptions in our operations could negatively impact our business and results of operations, and harm our reputation. In addition, we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a material adverse effect on our business, results of operations and financial condition. In addition, the facilities of significant customers or major strategic partners may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or material adverse effects on our business.

***The forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, we cannot assure you our business will grow at similar rates, if at all.***

Growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The forecasts in this prospectus relating to the expected growth in the business analytics software market may prove to be inaccurate. For more information regarding the forecasts of market growth included in this prospectus, see the section titled Market, Industry and Other Data.

***Changes in financial accounting standards may cause adverse and unexpected revenue fluctuations and impact our reported results of operations.***

A change in accounting standards or practices could harm our operating results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may harm our operating results or the way we conduct our business.

### **Risks Related to this Offering and Ownership of Our Class A Common Stock**

***Our stock price has been and will likely continue to be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors purchasing shares in this offering.***

The trading price for shares of our Class A common stock has been, and is likely to continue to be, volatile for the foreseeable future. The market price of our common stock may fluctuate significantly in

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response to numerous factors, many of which are beyond our control, including the factors listed below and other factors described in this Risk Factors section:

actual or anticipated fluctuations in our results of operations;

the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;

failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;

ratings changes by any securities analysts who follow our company;

announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures or capital commitments;

changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;

price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;

changes in our board of directors or management;

sales of large blocks of our Class A common stock, including sales by our executive officers, directors and significant stockholders;

lawsuits threatened or filed against us;

short sales, hedging and other derivative transactions involving our capital stock;

general economic conditions in the United States and abroad; and

other events or factors, including those resulting from war, incidents of terrorism or responses to these events.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and adversely affect our business, results of operations, financial condition and cash flows.

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*Substantial future sales of shares of our Class A common stock could cause the market price of our Class A common stock to decline.*

Sales of a substantial number of shares of our Class A common stock into the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

In addition, as of September 30, 2013, we had options outstanding that, if fully exercised, would result in the issuance of approximately 15,334,340 shares of Class A and Class B common stock. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options) have been registered for public resale under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, these shares

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will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

Holders of approximately 21,100,000 shares of Class B common stock have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for Tableau or other stockholders.

***Future sales and issuances of our capital stock or rights to purchase capital stock could result in dilution of the percentage ownership of our stockholders and could cause our stock price to decline.***

We may issue additional securities following the completion of this offering. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

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

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

***The dual class structure of our common stock and the existing ownership of capital stock by our executive officers, directors and their affiliates have the effect of concentrating voting control with our executive officers, directors and their affiliates for the foreseeable future, which will limit the ability of our other investors to influence corporate matters.***

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As of September 30, 2013, the holders of shares of Class B common stock collectively beneficially owned shares representing approximately 98.1% of the voting power of our outstanding capital stock. Our executive officers and directors and their affiliates, which include funds affiliated with New Enterprise Associates, collectively beneficially owned shares representing a substantial majority of the voting power of our outstanding capital stock as of that date. Consequently, the holders of Class B common stock, including our executive officers and directors and their affiliates, collectively control all matters submitted to our stockholders for approval. This concentrated control limits the ability of our other investors to influence corporate matters for the foreseeable future. For example, these stockholders control elections of directors, amendments of our certificate of incorporation or bylaws, increases to the number of shares available for issuance under our equity incentive plans or adoption of new equity incentive plans, and approval of any merger or sale of assets for the foreseeable future. This control may adversely affect the market price of our Class A common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term, which may include our executive officers and directors and their affiliates.

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***We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.***

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company for up to five years, although we will cease to be an emerging growth company upon the earliest of (i) December 31, 2018, (ii) the last day of the first fiscal year in which our annual gross revenues are \$1 billion or more, (iii) the date on which we have, during the previous rolling three-year period, issued more than \$1 billion in non-convertible debt securities or (iv) the date on which we are deemed to be a large accelerated filer as defined in the Securities Exchange Act of 1934, or the Exchange Act. We cannot predict if investors will find our Class A common stock less attractive or our company less comparable to certain other public companies because we will rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future financial results may not be as comparable to the financial results of certain other companies in our industry that adopted such standards. If some investors find our common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain additional executive management and qualified board members.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations has increased our legal and financial compliance costs and will make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in

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increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

Being a public company and these new rules and regulations have made it more expensive for us to obtain director and officer liability insurance, and in the future we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this prospectus and in our filings with the Securities and Exchange Commission, or SEC, our business and financial condition have become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and results of operations.

***As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. If we fail to do so in a timely manner, or our internal control over financial reporting is not determined to be effective, this may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.***

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting as early as the fiscal year ending December 31, 2014. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the later of the date we are deemed to be an accelerated filer or a large accelerated filer, each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. We will be required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC.

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### ***We do not intend to pay dividends for the foreseeable future.***

We have never declared or paid any cash dividends on our Class A or Class B common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

### ***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.***

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

establish a classified board of directors so that not all members of our board of directors are elected at one time;

permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;

provide that directors may only be removed for cause;

require super-majority voting to amend some provisions in our certificate of incorporation and bylaws;

authorize the issuance of blank check preferred stock that our board of directors could use to implement a stockholder rights plan;

eliminate the ability of our stockholders to call special meetings of stockholders;

prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;

provide that the board of directors is expressly authorized to make, alter or repeal our bylaws; and

establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any holder of at least 15% of our capital stock for a period of three years following the date on which the stockholder became a 15% stockholder.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus, including the sections titled Prospectus Summary, Risk Factors, Use of Proceeds, Management's Discussion and Analysis of Financial Condition and Results of Operations and Business, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases you can identify these statements by forward-looking words such as believe, may, will, estimate, continue, anticipate, intend, could, would, project, plan, expect or the negative or plural of these words or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

the anticipated benefits associated with the use of our products;

our ability to continue to increase adoption of our products by our existing customers;

our ability to expand our customer base and the business analytics market;

potential benefits associated with our land and expand business model, including potential for a degree of financial visibility;

industry and technology trends;

economic and financial conditions;

future investments in our business, including in our technology, sales and marketing, and infrastructure;

the efficacy of our sales and marketing efforts;

our plans to continue to innovate and advance our products and bring them to market in a timely manner;

our ability to effectively scale and adapt our technology;

the effects of increased competition and our ability to compete effectively;

our ability to effectively manage our growth;

our plans to continue to expand internationally;

our plans to continue to foster our user community and maintain our culture;



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our ability to attract and retain qualified employees and key personnel;

our ability to maintain and expand our distribution channels and partner ecosystem;

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

our financial performance, including our revenues, cost of revenues, gross profit and gross margin, operating expenses, ability to continue to generate positive cash flow and ability to sustain profitability;

the effects of seasonal trends on our results of operations;

trends with respect to our time to close transactions;

our ability to realize the intended tax benefits of our corporate structure and intercompany arrangements;

costs associated with defending intellectual property infringement and other claims;

our ability to comply with laws and regulations;

our plans for the Tableau Foundation;

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our plans with respect to our customer conferences; and

our future capital requirements and estimates regarding the sufficiency of our cash resources.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the section titled Risk Factors. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

You should read this prospectus and the documents that we reference in this prospectus and that we have also filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

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**MARKET, INDUSTRY AND OTHER DATA**

Unless otherwise indicated, information contained in this prospectus concerning our industry and the market in which we operate, including our market position, market opportunity and market size, is based on information from various sources, on assumptions that we have made based on such data and other similar sources and on our knowledge of the markets for our products. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

We have not independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled **Risk Factors** and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

The following reports described herein represent data, research opinion or viewpoints published as part of a syndicated subscription service by each of the respective publishers thereof and are not representations of fact. Such reports speak as of their respective original publication dates (and not as of the date of this prospectus) and the opinions expressed in such reports are subject to change without notice.

The industry publications, reports, surveys and forecasts containing the market and industry data cited in this prospectus are provided below:

1. IDC Digital Universe Study, sponsored by EMC Corporation, December 2012.
2. IDC, **Market Analysis: Worldwide Business Analytics Software 2013-2017 Forecast and 2012 Vendor Shares**, Doc# 241689, June 2013.
3. Forrester Research, Inc., **Info Workers Will Erase The Boundary Between Enterprise and Consumer Technologies**, August 30, 2012.
4. Forrester Research, Inc., **Forrsights Workforce Employee Survey, Q4 2012**.
5. Gartner, Inc., **High-Tech Tuesday Webinar: BI and Analytics Market Trends, 2020 Vision**, December 19, 2012.

**Table of Contents****USE OF PROCEEDS**

The selling stockholders are selling all of the shares of Class A common stock being sold in the offering, including any shares sold pursuant to the underwriters' option to purchase additional shares. Accordingly, we will not receive any proceeds from the sale of shares of Class A common stock by the selling stockholders in this offering.

The principal purposes of this offering are to facilitate an orderly distribution of shares for the selling stockholders in the offering and to increase our public float.

**MARKET PRICE OF CLASS A COMMON STOCK**

Our Class A common stock has been listed on the New York Stock Exchange under the symbol DATA since May 17, 2013. Prior to that date, there was no public trading market for our Class A common stock. The following table sets forth for the periods indicated the high and low sales prices per share of our Class A common stock as reported on the New York Stock Exchange:

	High	Low
<b>Year Ended December 31, 2013:</b>		
Second Quarter (from May 17, 2013)	\$ 59.88	\$ 44.00
Third Quarter	77.74	51.99
Fourth Quarter (through October 25, 2013)	73.45	59.50

On October 25, 2013, the last reported sale price of our Class A common stock on the New York Stock Exchange was \$63.66 per share. As of September 30, 2013, we had 128 holders of record of our Class A common stock and 151 holders of record of our Class B common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

**DIVIDEND POLICY**

We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our capital stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA**

The following selected consolidated financial and other data should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as our audited consolidated financial statements and related notes included elsewhere in this prospectus. We have derived the consolidated statements of operations data for the years ended December 31, 2010, 2011 and 2012 and the consolidated balance sheets data as of December 31, 2011 and 2012 from our audited consolidated financial statements that are included elsewhere in this prospectus. We have derived the consolidated statements of operations data for the years ended December 31, 2008 and 2009 and consolidated balance sheets data as of December 31, 2008, 2009 and 2010 from our audited consolidated financial statements that are not included in this prospectus. We have derived the unaudited consolidated statements of operations data for the nine months ended September 30, 2012 and 2013 and the unaudited consolidated balance sheet data as of September 30, 2013 from our unaudited consolidated financial statements that are included elsewhere in this prospectus. Our unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of those unaudited consolidated financial statements. Our historical results are not necessarily indicative of the results to be expected in the future, and our interim results are not necessarily indicative of the results that should be expected for the full year or any other period.

	2008	Year Ended December 31,			2012	Nine Months Ended September 30,	
		2009	2010	2011		2012	2013
		(in thousands, except per share data)					
		(unaudited)					
<b>Consolidated Statements of Operations Data:</b>							
<b>Revenues</b>							
License	\$ 8,769	\$ 11,684	\$ 24,223	\$ 44,414	\$ 89,883	\$ 59,807	\$ 101,895
Maintenance and services	4,428	6,446	9,938	17,946	37,850	26,120	49,086
Total revenues	13,197	18,130	34,161	62,360	127,733	85,927	150,981
<b>Cost of revenues</b>							
License	39	98	67	213	305	170	523
Maintenance and services	808	1,069	1,271	2,800	10,057	6,809	11,951
Total cost of revenues <sup>(1)</sup>	847	1,167	1,338	3,013	10,362	6,979	12,474
Gross profit	12,350	16,963	32,823	59,347	117,371	78,948	138,507
<b>Operating expenses</b>							
Sales and marketing <sup>(1)</sup>	5,658	7,920	16,440	30,363	62,333	39,125	83,426
Research and development <sup>(1)</sup>	3,469	4,019	9,734	18,387	33,065	22,706	42,514
General and administrative <sup>(1)</sup>	4,257	5,615	3,809	6,679	17,715	10,533	18,064
Total operating expenses	13,384	17,554	29,983	55,429	113,113	72,364	144,004
Operating income (loss)	(1,034)	(591)	2,840	3,918	4,258	6,584	(5,497)
Other income (expense), net	119	5		(16)	(54)	(49)	(350)
Income (loss) before income tax expense (benefit)	(915)	(586)	2,840	3,902	4,204	6,535	(5,847)
Income tax expense (benefit)			102	523	2,777	4,052	(1,678)
Net income (loss)	\$ (915)	\$ (586)	\$ 2,738	\$ 3,379	\$ 1,427	\$ 2,483	\$ (4,169)
<b>Net income (loss) per share attributable to common stockholders:</b>							
Basic	\$ (0.03)	\$ (0.02)	\$ 0.03	\$ 0.04	\$ 0.00	\$ 0.03	\$ (0.09)
Diluted	\$ (0.03)	\$ (0.02)	\$ 0.03	\$ 0.04	\$ 0.00	\$ 0.03	\$ (0.09)



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	2008	Year Ended December 31,				Nine Months Ended September 30,	
		2009	2010	2011	2012	2012	2013
(in thousands, except per share data)							
(unaudited)							
Weighted average shares used to compute net income (loss) per share attributable to common stockholders:							
Basic	32,053	31,495	32,163	33,008	33,744	33,676	47,049
Diluted	32,053	31,495	37,833	39,431	39,652	39,597	47,049

	2008	Year Ended December 31,				Nine Months Ended September 30,	
		2009	2010	2011	2012	2012	2013
(in thousands)							
<b>Other Financial Data:</b>							
Non-GAAP operating income (loss)	\$ (855)	\$ (120)	\$ 3,478	\$ 5,366	\$ 11,005	\$ 9,837	\$ 4,036
Non-GAAP net income (loss)	(736)	(115)	3,376	4,792	6,854	5,333	4,062
Free cash flow	193	(286)	8,207	7,953	7,203	9,854	7,564

(1) Includes stock-based compensation expense as follows:

	2008	Year Ended December 31,				Nine Months Ended September 30,	
		2009	2010	2011	2012	2012	2013
(in thousands)							
(unaudited)							
Cost of revenues	\$ 12	\$ 29	\$ 18	\$ 22	\$ 107	\$ 66	\$ 291
Sales and marketing	68	204	256	565	1,394	933	3,506
Research and development	68	167	262	628	2,115	1,445	3,785
General and administrative	31	71	102	233	1,180	809	1,951
Total stock-based compensation expense	\$ 179	\$ 471	\$ 638	\$ 1,448	\$ 4,796	\$ 3,253	\$ 9,533

	As of December 31,					As of September 30,	
	2008	2009	2010	2011	2012	2012	2013
(in thousands)							
(unaudited)							
<b>Consolidated Balance Sheets Data:</b>							
Cash and cash equivalents	\$ 13,820	\$ 14,072	\$ 22,611	\$ 30,223	\$ 39,302	\$ 226,337	
Working capital	10,502	9,982	13,193	17,181	24,231	202,720	
Total assets	16,716	18,863	29,771	51,277	86,992	301,697	
Total stockholders' equity (deficit)	(8,544)	(8,598)	(4,890)	(277)	9,943	214,767	
<b>Non-GAAP Financial Results</b>							

We believe that the use of non-GAAP operating income (loss), non-GAAP net income (loss) and free cash flow is helpful to our investors. These measures, which we refer to as our non-GAAP financial measures, are not prepared in accordance with GAAP. We calculate non-GAAP operating income (loss) as operating income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. We calculate non-GAAP net income (loss) as net income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's

non-cash expenses,



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we believe that providing non-GAAP financial measures that exclude stock-based compensation expense and, in 2012, the expense associated with our funding of the Tableau Foundation allow for more meaningful comparisons between our operating results from period to period. We calculate free cash flow as net cash provided by operating activities less net cash used in investing activities for purchases of property and equipment. We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic opportunities, including investing in our business, making strategic acquisitions and strengthening our balance sheet. All of our non-GAAP financial measures are important tools for financial and operational decision making and for evaluating our own operating results over different periods of time.

Our non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently, particularly related to non-recurring, unusual items. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on our reported financial results. Further, stock-based compensation expense has been and will continue to be for the foreseeable future a significant recurring expense in our business and an important part of the compensation provided to our employees. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. We urge our investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures included below, and not to rely on any single financial measure to evaluate our business.

The following table reflects the reconciliation of operating income (loss) to non-GAAP operating income (loss):

	2008	Year Ended December 31,			2012	Nine Months Ended		
		2009	2010	2011		September 30,	2013	
	(in thousands)							
Operating income (loss)	\$ (1,034)	\$ (591)	\$ 2,840	\$ 3,918	\$ 4,258	\$ 6,584	\$ (5,497)	
Excluding:								
Stock-based compensation expense	179	471	638	1,448	4,796	3,253	9,533	
Funding of the Tableau Foundation					1,951			
Non-GAAP operating income (loss)	\$ (855)	\$ (120)	\$ 3,478	\$ 5,366	\$ 11,005	\$ 9,837	\$ 4,036	

The following table reflects the reconciliation of net income (loss) to non-GAAP net income (loss):

	2008	Year Ended December 31,			2012	Nine Months	
		2009	2010	2011		Ended	September 30,
	(in thousands)						2013
Net income (loss)	\$ (915)	\$ (586)	\$ 2,738	\$ 3,379	\$ 1,427	\$ 2,483	\$ (4,169)
Excluding:							
Stock-based compensation expense, net of tax	179	471	638	1,413	4,207	2,850	8,231
Funding of the Tableau Foundation, net of tax					1,220		
Non-GAAP net income (loss)	\$ (736)	\$ (115)	\$ 3,376	\$ 4,792	\$ 6,854	\$ 5,333	\$ 4,062

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The following table reflects the reconciliation of net cash provided by operating activities to free cash flow:

	2008	Year Ended December 31,				Nine Months Ended	
		2009	2010	2011	2012	September 30,	2013
				(in thousands)		2012	2013
Net cash provided by operating activities	\$ 721	\$ 491	\$ 10,376	\$ 12,883	\$ 14,239	\$ 15,315	\$ 19,079
Less: Purchases of property and equipment	528	777	2,169	4,930	7,036	5,461	11,515
Free cash flow	\$ 193	\$ (286)	\$ 8,207	\$ 7,953	\$ 7,203	\$ 9,854	\$ 7,564

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

*You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the section titled Risk Factors.*

**Overview**

Our mission is to help people see and understand data. Our software products put the power of data into the hands of everyday people, allowing a broad population of business users to engage with their data, ask questions, solve problems and create value. Based on innovative core technologies originally developed at Stanford University, our products dramatically reduce the complexity, inflexibility and expense associated with traditional business intelligence applications. We currently offer four products, Tableau Desktop, a self-service analytics product for anyone with data, Tableau Server, a business intelligence platform for organizations, Tableau Online, a cloud-based hosted version of Tableau Server, and Tableau Public, a free cloud-based platform for analyzing and sharing public data.

We have sought to rapidly improve the capabilities of our products over time and intend to continue to invest in product innovation and leadership. We were founded in January 2003 and we introduced Tableau Desktop in December 2003, our first version of Tableau Server in March 2007, our first version of Tableau Public in February 2010 and our first version of Tableau Online in July 2013. Building on our foundational technology innovations, we have released eight major versions of our software, each expanding and improving our products capabilities. Our most recent release, Tableau 8.0, includes several new features including Web and mobile authoring, free form dashboards, forecasting, integration with enterprise applications such as salesforce.com and Google Analytics and application programming interfaces, or APIs.

Our products are used by people of diverse skill levels across all kinds of organizations, including Fortune 500 corporations, small and medium-sized businesses, government agencies, universities, research institutions and non-profits. As of September 30, 2013, we had over 15,000 customer accounts located in over 100 different countries. We define a customer account as a purchaser of our products. Customer accounts are typically organizations. In some cases, organizations will have multiple groups purchasing our software, which we count as discrete customer accounts. As of September 30, 2013, we had more than 13,500 customers. When we calculate the number of customers, we consolidate customer accounts that are affiliated with the same parent organization.

Our distribution strategy is based on a land and expand business model and is designed to capitalize on the ease of use, low up-front cost and collaborative capabilities of our software. To facilitate rapid adoption of our products, we provide fully-functional free trial versions of our products on our website and have created a simple pricing model. After an initial trial or purchase, which is often made to target a specific business need at a grassroots level within an organization, the use of our products often spreads across departments, divisions and geographies, via word-of-mouth, discovery of new use cases and our sales efforts.

We generate revenues primarily in the form of license fees and related maintenance and services fees. License revenues reflect the revenues recognized from sales of licenses to new customer accounts and additional licenses to existing customer accounts. License fees include perpetual, term and subscription license fees. Perpetual licenses comprised more than 90% of our license revenues for

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the year ended December 31, 2012. Maintenance and services revenues reflect the revenues recognized from fees paid for maintenance services (including support and unspecified upgrades and enhancements when and if they are available) and, to a lesser extent, for training and professional services that help our customers maximize the benefits from using our products. A substantial majority of our maintenance and services revenues to date has been attributable to revenues from maintenance agreements. When purchasing a license, a customer also typically purchases one year of maintenance service and has the opportunity to purchase maintenance service annually thereafter. We expect maintenance and services revenues to become a larger percentage of our total revenues as our customer base grows.

Our direct sales approach includes inside sales teams and field sales teams. We also sell our products through indirect sales channels including technology vendors, resellers, original equipment manufacturers, or OEMs, and independent software vendors, or ISVs. We view these partners as an extension of our team, playing an integral role in our growth. As of September 30, 2013, less than 10% of our sales team focused on indirect sales channels. We plan to continue to invest in our partner programs to help us enter and grow in new markets while complementing our direct sales efforts. Sales through indirect channels have historically varied from quarter to quarter, and comprised less than 25% of total revenues for the years ended December 31, 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013.

With approximately 19% of our total revenues from customers located outside the United States and Canada in the nine months ended September 30, 2013, we believe there is significant opportunity to expand our international business. Our products currently support eight languages and we are aggressively expanding our direct sales force and indirect sales channels outside the United States. In addition to our presence in Australia, Canada, England and France, in 2012, we opened sales offices in Germany, Japan and Singapore. In December 2012, we more closely aligned our corporate structure with our international expansion, establishing a wholly-owned subsidiary in Ireland to provide order processing, technical and administrative support to all of our international operations, except for Canada and Japan, and transferring ownership of our Germany, Singapore and United Kingdom subsidiaries to this Irish entity. We expect this corporate structure to result in a higher near-term effective tax rate while providing worldwide tax efficiencies in the long term. We intend to invest in further expanding our worldwide footprint.

Our quarterly results reflect seasonality in the sale of our products and services. Historically, we believe a pattern of increased license sales in the fourth fiscal quarter as a result of industry buying patterns has positively impacted total revenues in that period, which has resulted in low or negative sequential revenue growth in the first quarter as compared to the prior quarter.

We have been growing rapidly in recent periods. Our total revenues for the years ended December 31, 2010, 2011 and 2012 were \$34.2 million, \$62.4 million and \$127.7 million, respectively. Our total revenues for the nine months ended September 30, 2012 and 2013 were \$85.9 million and \$151.0 million, respectively. We increased the total number of customer accounts that had purchased our products from 5,300 as of December 31, 2010 to over 15,000 as of September 30, 2013. During these periods, we significantly increased the size of our workforce, particularly in our sales and marketing and research and development organizations, expanded internationally and invested in our operational infrastructure to support our growth. Our full-time employee base grew from 188 as of December 31, 2010 to 1,039 as of September 30, 2013. As a result of our significant investments in growth, our net income did not grow in a manner commensurate with our total revenues. Our net income for the years ended December 31, 2010, 2011 and 2012 was \$2.7 million, \$3.4 million and \$1.4 million, respectively. Our net income (loss) for the nine months ended September 30, 2012 and 2013 was \$2.5 million and \$(4.2) million, respectively.

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### **Factors Affecting Our Performance**

We believe that our performance and future success are dependent upon a number of factors, including our ability to continue to expand and further penetrate our customer base, innovate and enhance our products, and invest in our infrastructure. While each of these areas presents significant opportunities for us, they also pose significant risks and challenges that we must successfully address. See the section titled Risk Factors.

#### ***Investment in Expansion and Further Penetration of Our Customer Base***

Our performance depends on our ability to continue to attract new customers and to increase adoption of our products within our existing customers, both domestically and internationally. Our ability to increase adoption amongst existing customers is particularly important in light of our land and expand business model. We believe the existing market for business analytics software is underserved. We believe that we have an addressable market that is substantially larger than the market for traditional business analytics software. As a result, we believe we have the opportunity to substantially expand our customer base and to increase adoption of our products within and across our existing customers.

In order to expand and further penetrate our customer base, we have made and plan to continue to make significant investments in expanding our direct sales teams and indirect sales channels, and increasing our brand awareness. We plan to continue to significantly increase the size of our sales and marketing team domestically and internationally, particularly in the near term. We also intend to expand our online and offline marketing efforts to increase our brand awareness.

#### ***Investment in Innovation and Advancement of Our Products***

Our performance is also significantly dependent on the investments we make in our research and development efforts, and in our ability to continue to innovate, improve functionality, adapt to new technologies or changes to existing technologies, and allow our customers to analyze data from a large and expanding range of data stores. We have recently been focusing on a cloud offering and in July 2013 we released Tableau Online, a cloud-based version of Tableau Server. We intend to continue to invest in product innovation and leadership, including hiring top technical talent, focusing on core technology innovation and maintaining an agile organization that supports rapid release cycles.

#### ***Investment in Infrastructure***

We have made and expect to continue to make substantial investments in our infrastructure in connection with enhancing and expanding our operations domestically and internationally. For example, in December 2012, we invested in a reorganization of our corporate structure to more closely align it with our international expansion, including the establishment of a wholly-owned subsidiary in Ireland. Also in 2012, we opened sales offices in Germany, Japan and Singapore. We expect to continue to open new sales offices internationally and domestically. Our international expansion efforts have resulted and will result in increased costs and are subject to a variety of risks, including those associated with communication and integration problems resulting from geographic dispersion and language and cultural differences, and compliance with laws of multiple countries. Moreover, the investments we have made and will make in our international organization may not result in our expected benefits. In addition, if Tableau Online is commercially successful, we expect to make additional investments in related infrastructure such as server farms, data centers, network bandwidth and technical operations personnel; however, we currently expect to rely on our current cash on hand and cash generated from our operations to fund these investments. These costs could adversely affect our operating results. We also expect to make additional investments in our infrastructure as we continue to transition to operation as a public company.

**Table of Contents****Mix and Timing of Sales**

Our land and expand business model results in a wide variety of sales transaction sizes, ranging from a single Tableau Desktop order of \$1,000-\$2,000 to Tableau Desktop and Tableau Server orders of over \$1.0 million. As we have continued to invest in our sales team and product capabilities, the number of individual sales orders over \$100,000 has increased from 111 in 2011 to 239 in 2012. The time it takes to close a transaction, defined as the time between when a sales opportunity is entered in our customer relationship management system until when a related license agreement is signed with the customer, generally varies with the size of the transaction. Excluding renewals, in recent periods, our transactions over \$100,000 have generally taken over three months to close, whereas transactions of less than \$100,000 have generally taken fewer than three months to close.

**Certain Key Financial Metrics**

The following table summarizes certain of our key financial metrics:

	Year Ended December 31,			Nine Months	
	2010	2011	2012	Ended September 30, 2012	2013
	(in thousands)				
Non-GAAP operating income	\$ 3,478	\$ 5,366	\$ 11,005	\$ 9,837	\$ 4,036
Non-GAAP net income	3,376	4,792	6,854	5,333	4,062
Free cash flow	8,207	7,953	7,203	9,854	7,564

**Non-GAAP Operating Income (Loss)**

Non-GAAP operating income is a non-GAAP financial measure that we calculate as operating income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. Non-GAAP operating income increased substantially from 2010 to 2012 as a result of increased domestic and international demand for our products and services from new and existing customers, offset in part by increased operating expenses attributable to increased headcount. Non-GAAP operating income decreased for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, as a result of increased operating expenses attributable to increased headcount, offset in part by increased domestic and international demand for our products and services from new and existing customers. For more information about non-GAAP operating income and a reconciliation of non-GAAP operating income to operating income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled [Selected Consolidated Financial and Other Data](#) Non-GAAP Financial Results.

**Non-GAAP Net Income**

Non-GAAP net income is a non-GAAP financial measure that we calculate as net income (loss) excluding stock-based compensation expense and, in 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. Non-GAAP net income increased from 2010 to 2012 as a result of increases in non-GAAP operating income, offset in part by increases in our provision for income taxes. Non-GAAP income decreased for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012, as a result of increased operating expenses attributable to increased headcount, offset in part by increased domestic and international demand for our products and services from new and existing customers and a tax benefit in the nine months ended September 30, 2013 compared to a provision in the nine months ended September 30, 2012. For more information about non-GAAP net income and a reconciliation of

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non-GAAP net income to net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled **Selected Consolidated Financial and Other Data Non-GAAP Financial Results**.

### ***Free Cash Flow***

Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less net cash used in investing activities for purchases of property and equipment. Although net cash provided by operating activities increased from \$10.4 million in 2010 to \$14.2 million in 2012, free cash flow decreased during that period as a result of significant increases in purchases of property and equipment from 2010 to 2012 to support our increased headcount and build-out of operational infrastructure. Free cash flow decreased for the nine months ended September 30, 2013, as compared to the nine months ended September 30, 2012 as a result of significant increases in purchases of property and equipment to support our increased headcount and build-out of operational infrastructure. For more information about free cash flow and a reconciliation of free cash flow to net cash provided by operating activities, the most directly comparable financial measure calculated and presented in accordance with GAAP, see the section titled **Selected Consolidated Financial and Other Data Non-GAAP Financial Results**.

### **Components of Operating Results**

#### ***Revenues***

***License revenues.*** License revenues consist of the revenues recognized from sales of licenses to new customers and additional licenses to existing customers. More than 90% of our license revenues for the year ended December 31, 2012 and for the nine months ended September 30, 2013 resulted from perpetual licenses, under which we generally recognize the license fee portion of the arrangement upfront, assuming all revenue recognition criteria are satisfied. In each of the past three years, as well as in each of the nine month periods ended September 30, 2012 and 2013, our existing customer accounts in aggregate have generated at least as much perpetual license revenues as they had in the previous year. In the future, we expect this buying pattern to moderate with the continued growth of our customer base. In addition, a small number of customers have purchased term or subscription licenses, under which we recognize the license fee ratably, on a straight-line basis, over the term of the license. For example, we sell licenses for Tableau Online, which we introduced in July 2013, on a subscription basis. To date, we have not derived a significant amount of revenues from term or subscription licenses.

***Maintenance and services revenues.*** Maintenance and services revenues consist of revenues from maintenance agreements and, to a lesser extent, professional services and training. A substantial majority of our maintenance and services revenues to date has been attributable to revenues from maintenance agreements. When purchasing a perpetual license, a customer also typically purchases one year of maintenance, and has the opportunity to purchase maintenance annually thereafter. We currently charge approximately 25% of the price of the perpetual license for each year of maintenance service, although this price may vary with regard to large enterprise sales. We measure the aggregate perpetual license maintenance renewal rate for our customers in a 12-month period of time, based on a dollar renewal rate for contracts expiring during that time period. Our maintenance renewal rate is measured three months after the 12-month period ends to account for late renewals. Our aggregate maintenance renewal rate for each of the 12-month periods ended December 31, 2011 and 2012 and June 30, 2013 has been over 90%.

When a term or subscription license is purchased, maintenance service is typically bundled with the license for the term of the license period. Customers with maintenance agreements are entitled to

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receive support and unspecified upgrades and enhancements if and when they become available during the maintenance term. We recognize the revenues associated with maintenance agreements ratably, on a straight-line basis, over the associated maintenance term. In arrangements involving a term or subscription license, we recognize both the license and maintenance revenues ratably, on a straight-line basis, over the contract term. Term and subscription license revenues are included in License revenues on our consolidated statement of operations. We also have a professional services organization focused on both training and assisting our customers to fully leverage the use of our products. We recognize the revenues associated with these professional services on a time and materials basis as we deliver the services or provide the training.

We expect maintenance and services revenues to become a larger percentage of our total revenues as our customer base grows.

### ***Cost of Revenues***

***Cost of license revenues.*** Cost of license revenues primarily consists of referral fees paid to third parties. For Tableau Online, cost of license revenues is calculated through an allocation of shared costs, which was immaterial for the period ended September 30, 2013.

***Cost of maintenance and services revenues.*** Cost of maintenance and services revenues includes salaries, benefits and stock-based compensation expense associated with our technical support and services organization, as well as allocated overhead. Allocated overhead includes overhead costs for depreciation of equipment, facilities (consisting of leasehold improvements and rent) and technical operations (including costs for compensation of our personnel and costs associated with our infrastructure). We recognize expenses related to our technical support and services organization as they are incurred. We expect the cost of maintenance and services revenues to increase as a percentage of maintenance and services revenues due to increased investment in our technical support and services organization to support our expanding customer base.

We expect that the cost of revenues will increase as a percentage of total revenues as we expand our technical support capabilities worldwide and seek to expand our product and service offerings.

### ***Gross Profit and Gross Margin***

Gross profit is total revenues less total cost of revenues. Gross margin is gross profit expressed as a percentage of total revenues. We expect that our gross margin may fluctuate from period to period as a result of changes in product and services mix, direct and indirect sales mix and the introduction of new products by us or our competitors.

### ***Operating Expenses***

Our operating expenses are classified into three categories: sales and marketing, research and development, and general and administrative. For each category, the largest component is personnel costs, which include salaries, employee benefit costs, bonuses, commissions, as applicable, and stock-based compensation expense.

***Sales and marketing.*** Sales and marketing expenses primarily consist of personnel-related costs attributable to our sales and marketing personnel, commissions earned by our sales personnel, marketing, travel and facility related costs and allocated overhead. We expect sales and marketing



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expenses to significantly increase, in absolute dollars, for the remainder of 2013 as compared to 2012 primarily due to our planned growth in our sales and marketing organization, both domestically and internationally. We expect sales and marketing expenses to be our largest category of operating expenses as we continue to expand our business.

**Research and development.** Research and development expenses primarily consist of personnel-related costs attributable to our research and development personnel and allocated overhead. We have devoted our product development efforts primarily to develop new products, incorporate additional features, improve functionality and adapt to new technologies or changes to existing technologies. We expect that our research and development expenses will continue to increase, in absolute dollars, for the remainder of 2013 as compared to 2012 as we increase our research and development headcount to further strengthen our software and invest in the development of our products.

**General and administrative.** General and administrative expenses primarily consist of personnel-related costs attributable to our executive, finance, legal, human resources and administrative personnel, legal, accounting and other professional services fees, other corporate expenses and allocated overhead. In 2012, general and administrative expenses included cash and stock-based expenses associated with our funding of the Tableau Foundation. We have recently incurred additional expenses due to expanding our operations and in connection with our initial public offering, and will continue to incur additional expenses associated with being a publicly traded company, including higher legal, corporate insurance and accounting expenses, and the additional costs of achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act and other regulations. We also expect that general and administrative expenses will continue to increase, in absolute dollars, for the remainder of 2013 as compared to 2012 as we further expand our operations, particularly internationally.

### ***Other Income (Expense), Net***

Other income (expense), net consists primarily of gains and losses on foreign currency transactions and interest income on our cash and cash equivalents balances.

### ***Income Tax Expense (Benefit)***

Our income taxes are based on the amount of our taxable income and enacted federal, state and foreign tax rates, as adjusted for allowable credits and deductions. Our provision for income taxes consists of federal, state and foreign taxes. As of December 31, 2012, we had fully utilized all available federal net operating loss and research and development tax credits.

We generally conduct our international operations through wholly-owned subsidiaries, branches and representative offices and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our corporate structure and intercompany arrangements align with the international expansion of our business activities. The application of the tax laws of various jurisdictions, including the United States, to our international business activities is subject to interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing, or determine the manner in which we operate our business is not consistent with the manner in which we report our income to the jurisdictions. If such a disagreement were to occur, and our positions were not sustained, we could be required to pay additional taxes, interest and penalties, resulting in higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

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Our income tax provision may be significantly affected by changes to our estimates for taxes in jurisdictions in which we operate and other estimates utilized in determining our global effective tax rate. Actual results may also differ from our estimates based on changes in tax laws and economic conditions. Such changes could have a substantial impact on the income tax provision and effective income tax rate.

In addition, we are subject to the continuous examinations of our income tax returns by different tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

**Common Stock Fair Value Reassessment**

The initial public offering price range of our Class A common stock was in excess of the previously determined fair values of our common stock. As a result, we retrospectively reassessed the historical assumptions used in our determination of the fair value of our common stock for option awards made since December 2012, as well as to the common shares donated to the Tableau Foundation on December 31, 2012. This reassessment resulted in revisions to our previously issued financial statements. For further information, see Offering Price and Fair Value Reassessment on page 78 and Note 13 to our consolidated financial statements on pages F-27 and F-28.

**Results of Operations**

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenues for those periods. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Year Ended December 31,			Nine Months Ended	
	2010	2011	2012	2012	2013
	(in thousands)			(unaudited)	
<b>Consolidated Statements of Operations Data:</b>					
Revenues					
License	\$ 24,223	\$ 44,414	\$ 89,883	\$ 59,807	\$ 101,895
Maintenance and services	9,938	17,946	37,850	26,120	49,086
<b>Total revenues</b>	<b>34,161</b>	<b>62,360</b>	<b>127,733</b>	<b>85,927</b>	<b>150,981</b>
Cost of revenues					
License	67	213	305	170	523
Maintenance and services	1,271	2,800	10,057	6,809	11,951
<b>Total cost of revenues</b>	<b>1,338</b>	<b>3,013</b>	<b>10,362</b>	<b>6,979</b>	<b>12,474</b>
<b>Gross profit</b>	<b>32,823</b>	<b>59,347</b>	<b>117,371</b>	<b>78,948</b>	<b>138,507</b>
Operating expenses					
Sales and marketing	16,440	30,363	62,333	39,125	83,426
Research and development	9,734	18,387	33,065	22,706	42,514
General and administrative	3,809	6,679	17,715	10,533	18,064
<b>Total operating expenses</b>	<b>29,983</b>	<b>55,429</b>	<b>113,113</b>	<b>72,364</b>	<b>144,004</b>
Operating income (loss)	2,840	3,918	4,258	6,584	(5,497)
Other income (expense), net		(16)	(54)	(49)	(350)
Income (loss) before income tax expense (benefit)	2,840	3,902	4,204	6,535	(5,847)
Income tax expense (benefit)	102	523	2,777	4,052	(1,678)

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Net income (loss)	\$ 2,738	\$ 3,379	\$ 1,427	\$ 2,483	\$ (4,169)
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	2010	Year Ended December 31, 2011	2012  (as a percentage of  total revenues)	Nine Months Ended September 30, 2012	2013  (unaudited)
<b>Consolidated Statements of Operations Data:</b>					
<b>Revenues</b>					
License	70.9%	71.2%	70.4%	69.6%	67.5%
Maintenance and services	29.1	28.8	29.6	30.4	32.5
Total revenues	100.0	100.0	100.0	100.0	100.0
<b>Cost of revenues</b>					
License	0.2	0.3	0.2	0.2	0.4
Maintenance and services	3.7	4.5	7.9	7.9	7.9
Total cost of revenues	3.9	4.8	8.1	8.1	8.3
Gross profit	96.1	95.2	91.9	91.9	91.7
<b>Operating expenses</b>					
Sales and marketing	48.1	48.7	48.8	45.5	55.2
Research and development	28.5	29.5	25.9	26.4	28.2
General and administrative	11.2	10.7	13.9	12.3	12.0
Total operating expenses	87.8	88.9	88.6	84.2	95.4
Operating income (loss)	8.3	6.3	3.3	7.7	(3.7)
Other income (expense), net	0.0	0.0	0.0	(0.1)	(0.2)
Income (loss) before income tax expense (benefit)	8.3	6.3	3.3	7.6	(3.9)
Income tax expense (benefit)	0.3	0.9	2.2	4.7	(1.1)
Net income (loss)	8.0%	5.4%	1.1%	2.9%	(2.8)%

**Comparison of Nine Months Ended September 30, 2012 and 2013****Revenues**

	Nine Months Ended September 30, 2012		2013	% Change
	(dollars in thousands)			
<b>Revenues</b>				
License	\$ 59,807	\$ 101,895		70.4%
Maintenance and services	26,120	49,086		87.9%
Total revenues	\$ 85,927	\$ 150,981		75.7%

	<b>Nine Months Ended September 30,</b> <b>2012                      2013</b> (as a percentage of total revenues)	
Revenues		
License	69.6%	67.5%
Maintenance and services	30.4	32.5
Total revenues	100.0%	100.0%

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Total revenues increased \$65.1 million from \$85.9 million in the nine months ended September 30, 2012 to \$151.0 million in the nine months ended September 30, 2013, with 70% and 88% year-over-year growth in license and maintenance and services revenues, respectively. Total revenues growth was attributable to increased demand for our products and services from new and existing customers. For example, we added over 4,000 customer accounts in the nine months ended September 30, 2013. License revenues increased \$42.1 million from the nine months ended September 30, 2012 to the nine months ended September 30, 2013 as we continued to increase sales both domestically and internationally. The increase in license revenues was a direct result of our investment in our products and in our sales and marketing efforts. The substantial majority of our license revenues was attributable to sales of perpetual licenses. The increase in maintenance and services revenues was primarily due to increases in sales of maintenance agreements resulting from the growth of our customer base. Total revenues derived from our customer accounts outside of the United States and Canada increased, as a percentage of total revenues, from 16% for the nine months ended September 30, 2012 to 19% for the nine months ended September 30, 2013.

**Cost of Revenues and Gross Margin**

	Nine Months Ended September 30,		%
	2012	2013	Change
	(dollars in thousands)		
Cost of revenues			
License	\$ 170	\$ 523	207.6%
Maintenance and services	6,809	11,951	75.5%
Total cost of revenues	\$ 6,979	\$ 12,474	78.7%

	Nine Months Ended September 30,	
	2012	2013
Gross Margin		
License	99.7%	99.5%
Maintenance and services	73.9%	75.7
Total gross margin	91.9%	91.7%

Total cost of revenues increased \$5.5 million from \$7.0 million in the nine months ended September 30, 2012 to \$12.5 million in the nine months ended September 30, 2013. This increase was primarily due to the increased cost of providing maintenance and services to our expanding customer base. The \$5.1 million increase in cost of maintenance and services revenues from the nine months ended September 30, 2012 to the nine months ended September 30, 2013 was primarily related to an increase in compensation expense of \$3.1 million due to increased headcount, \$1.1 million in facilities and allocated overhead costs and \$0.6 million in additional travel costs. Our total number of technical support and services headcount increased from 69 employees as of September 30, 2012 to 95 employees as of September 30, 2013. Total gross margin remained relatively flat in the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012.

**Table of Contents****Operating Expenses**

	<b>Nine Months Ended September 30, 2012      2013</b>		<b>% Change</b>
	<b>(dollars in thousands)</b>		
Operating expenses			
Sales and marketing	\$ 39,125	\$ 83,426	113.2%
Research and development	22,706	42,514	87.2%
General and administrative	10,533	18,064	71.5%
<b>Total operating expenses</b>	<b>\$ 72,364</b>	<b>\$ 144,004</b>	<b>99.0%</b>

	<b>Nine Months Ended September 30, 2012      2013</b>	
	<b>(as a percentage of total revenues)</b>	
Operating expenses		
Sales and marketing	45.5%	55.2%
Research and development	26.4	28.2
General and administrative	12.3	12.0
<b>Total operating expenses</b>	<b>84.2%</b>	<b>95.4%</b>

**Sales and Marketing**

Sales and marketing expenses increased \$44.3 million from \$39.1 million in the nine months ended September 30, 2012 to \$83.4 million in the nine months ended September 30, 2013. This increase was primarily due to an increase in compensation expense of \$31.0 million resulting from increased sales headcount as we expanded our sales organization both domestically and internationally, as well as commissions on increased customer orders. Our total number of sales and marketing headcount increased from 254 employees as of September 30, 2012 to 459 employees as of September 30, 2013. The remainder of the increase was primarily attributable to a \$5.4 million increase in facilities and allocated overhead cost, \$4.1 million in additional marketing costs and \$3.3 million in additional travel costs.

**Research and Development**

Research and development expenses increased \$19.8 million from \$22.7 million in the nine months ended September 30, 2012 to \$42.5 million in the nine months ended September 30, 2013. This increase was primarily due to an increase in compensation expense of \$16.6 million resulting from increased headcount as part of our focus on further developing and enhancing our products and \$2.6 million in facilities and allocated overhead costs. Our total number of research and development headcount increased from 168 employees as of September 30, 2012 to 297 employees as of September 30, 2013.

**General and Administrative**

General and administrative expenses increased \$7.6 million from \$10.5 million for the nine months ended September 30, 2012 to \$18.1 million for the nine months ended September 30, 2013. This increase was primarily due to an increase in compensation expense of \$3.5 million resulting from increased headcount to support our overall growth. Our total number of general and administrative headcount increased from 47 employees as of September 30, 2012 to 70 employees as of September 30, 2013. The remainder of the increase was primarily attributable to \$3.1 million in

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accounting, legal, insurance and recruiting expenses to support growth in our business as well as costs associated with becoming a public company.

**Other Income (Expense), Net**

	Nine Months Ended September 30, 2012      2013 (in thousands)	
Other income (expense), net	\$ (49)	\$ (350)
Other income (expense), net increased due to expenses associated with foreign currency exchange transactions.		

**Income Tax Expense (Benefit)**

	Nine Months Ended September 30, 2012      2013 (dollars in thousands)	
Income tax expense (benefit)	\$ 4,052	\$ (1,678)
Effective tax rate	62.0%	28.7%
Period specific items	\$	\$ (1,148)

For the nine months ended September 30, 2013, our effective tax rate was 28.7% inclusive of a \$(1.1) million net favorable period-specific item primarily related to the retroactive reinstatement of the U.S. research and development credit. For the nine months ended September 30, 2012, our effective tax rate was 62.0%.

**Comparison of Years Ended December 31, 2010, 2011 and 2012****Revenues**

	Year Ended December 31,			2010 to 2011 % change	2011 to 2012 % change
	2010	2011 (dollars in thousands)	2012		
<b>Revenues</b>					
License	\$ 24,223	\$ 44,414	\$ 89,883	83.4%	102.4%
Maintenance and services	9,938	17,946	37,850	80.6%	110.9%
Total revenues	\$ 34,161	\$ 62,360	\$ 127,733	82.5%	104.8%

	Year Ended December 31, (as a percentage of total revenues)		
	2010	2011	2012
<b>Revenues</b>			
License	70.9%	71.2%	70.4%
Maintenance and services	29.1	28.8	29.6
Total revenues	100.0%	100.0%	100.0%



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*Year ended December 31, 2012 compared to year ended December 31, 2011.* Total revenues increased \$65.4 million from \$62.4 million in 2011 to \$127.7 million in 2012, with 102% and 111% year-over-year growth in license and maintenance and services revenues, respectively. Total revenues growth was attributable to the increased demand for our products and services from new and existing customers. For example, our total customer accounts increased 41% from approximately 7,700 customer accounts as of December 31, 2011 to approximately 11,000 customer accounts as of

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December 31, 2012. License revenues increased \$45.5 million year over year as we continued to increase sales both domestically and internationally. The increase in license revenues was a direct result of our investment in our products and in our sales and marketing efforts, which increased significantly in 2012 compared to 2011, as further described below. In 2012, more than 90% of our license revenues resulted from perpetual licenses. Of the revenues from perpetual license sales recognized in 2012, 36% was attributable to perpetual license sales to new customer accounts gained in 2012 and 64% was attributable to perpetual license sales to customer accounts existing on or before December 31, 2011. The increase in maintenance and services revenues was primarily due to increases in sales of maintenance agreements. Total revenues derived from our customer accounts outside of the United States and Canada, increased slightly as a percentage of total revenues, from 16% in 2011 to 17% in 2012.

**Year ended December 31, 2011 compared to year ended December 31, 2010.** Total revenues increased \$28.2 million from \$34.2 million in 2010 to \$62.4 million in 2011, with 83% and 81% year-over-year growth in license and maintenance and services revenues, respectively. Total revenues growth was attributable to increased demand for our products and services from existing and new customers. For example, our total number of customer accounts increased 45% from approximately 5,300 customer accounts as of December 31, 2010 to approximately 7,700 customer accounts as of December 31, 2011. License revenues increased \$20.2 million year over year as we continued to increase sales both domestically and internationally. The increase in license revenues was a direct result of our continued investment in our products and in our sales and marketing efforts, which increased significantly in 2011 compared to 2010, as further described below. The majority of our license revenues were attributable to sales of perpetual licenses. Of the revenues from perpetual license sales recognized in 2011, 41% was attributable to perpetual license sales to new customer accounts gained in 2011 and 59% was attributable to perpetual license sales to customer accounts existing on or before December 31, 2010. The increase in maintenance and services revenues was primarily due to increases in sales of maintenance agreements. Total revenues derived from customer accounts outside of the United States and Canada, increased slightly as a percentage of total revenues, from 15% in 2010 to 16% in 2011.

**Cost of Revenues and Gross Margin**

	Year Ended December 31,			2010 to 2011 % change	2011 to 2012 % change
	2010	2011	2012		
	(dollars in thousands)				
Cost of revenues					
License	\$ 67	\$ 213	\$ 305	217.9%	43.2%
Maintenance and services	1,271	2,800	10,057	120.3%	259.2%
Total cost of revenues	\$ 1,338	\$ 3,013	\$ 10,362	125.2%	243.9%

	Year Ended December 31,		
	2010	2011	2012
	(as a percentage of revenues)		
Gross margin			
License	99.7%	99.5%	99.7%
Maintenance and services	87.2%	84.4%	73.4%
Total gross margin	96.1%	95.2%	91.9%

**Year ended December 31, 2012 compared to year ended December 31, 2011.** Total cost of revenues increased \$7.3 million from \$3.0 million in 2011 to \$10.4 million in 2012. This increase was primarily due to the increased cost of providing maintenance and services to our expanding customer base. The \$7.3 million increase in cost of maintenance and services revenues from 2011 to 2012 was

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primarily related to an increase in compensation expense of \$4.1 million due to increased headcount, \$1.6 million in facilities and allocated overhead costs and \$0.8 million in professional service fees. Our total number of technical support and services headcount increased from 25 employees as of December 31, 2011 to 76 employees as of December 31, 2012. Total gross margin decreased by approximately three percentage points from 2011 to 2012 primarily due to increased investment in our technical support and services organization for personnel and other costs to support our expanded customer base.

**Year ended December 31, 2011 compared to year ended December 31, 2010.** Total cost of revenues increased \$1.7 million from \$1.3 million in 2010 to \$3.0 million in 2011. This increase was primarily due to the increased cost of providing maintenance and services to our expanding customer base. The \$1.5 million increase in cost of maintenance and services revenues from 2010 to 2011 was primarily related to \$0.6 million in facilities and allocated overhead expense as well as an increase in compensation and associated overhead expense of \$0.5 million due to increased headcount. Our total number of technical support and services headcount increased from 11 employees as of December 31, 2010 to 25 employees as of December 31, 2011. Total gross margin decreased by approximately one percentage point from 2010 to 2011 primarily due to increased investment in our technical support and services organization for personnel and other costs to support our expanded customer base.

**Operating Expenses**

	2010	Year Ended December 31, 2011		2012	2010 to 2011 % change	2011 to 2012 % change
	(dollars in thousands)					
Operating expenses						
Sales and marketing	\$ 16,440	\$ 30,363	\$ 62,333		84.7%	105.3%
Research and development	9,734	18,387	33,065		88.9%	79.8%
General and administrative	3,809	6,679	17,715		75.3%	165.2%
Total operating expenses	\$ 29,983	\$ 55,429	\$ 113,113		84.9%	104.1%

	2010	Year Ended December 31, 2011		2012
	(as a percentage of total revenues)			
Operating expenses				
Sales and marketing	48.1%	48.7%	48.8%	
Research and development	28.5	29.5	25.9	
General and administrative	11.2	10.7	13.9	
Total operating expenses	87.8%	88.9%	88.6%	

**Sales and Marketing**

**Year ended December 31, 2012 compared to year ended December 31, 2011.** Sales and marketing expenses increased \$32.0 million from \$30.4 million in 2011 to \$62.3 million in 2012. This increase was primarily due to an increase in compensation expense of \$22.2 million resulting from increased sales headcount as we expanded our sales organization both domestically and internationally, as well as commissions on increased customer orders. Our sales and marketing headcount increased from 137 employees as of December 31, 2011 to 321 employees as of December 31, 2012. The remainder of the increase was primarily attributable to \$3.0 million in additional marketing costs, \$2.9 million in additional travel and entertainment costs, and \$2.4 million in additional facilities and allocated overhead costs in 2012 as compared to 2011.

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**Year ended December 31, 2011 compared to year ended December 31, 2010.** Sales and marketing expenses increased \$13.9 million from \$16.4 million in 2010 to \$30.4 million in 2011. This increase was primarily due to an increase in compensation expense of \$8.5 million resulting from increased sales headcount as we expanded our sales organization, as well as commissions on increased customer orders. Our sales and marketing headcount increased from 74 employees as of December 31, 2010 to 137 employees as of December 31, 2011. The remainder of the increase was primarily attributable to \$2.1 million additional marketing costs, \$1.9 million in facilities and allocated overhead costs and \$0.9 million for additional travel and entertainment costs in 2011 as compared to 2010.

**Research and Development**

**Year ended December 31, 2012 compared to year ended December 31, 2011.** Research and development expenses increased \$14.7 million from \$18.4 million in 2011 to \$33.1 million in 2012. This increase was primarily due to an increase in compensation expenses of \$12.2 million resulting from increased headcount as part of our focus on further developing and enhancing our products and \$1.9 million in facilities and allocated overhead costs. Our research and development headcount increased from 108 employees as of December 31, 2011 to 205 employees as of December 31, 2012.

**Year ended December 31, 2011 compared to year ended December 31, 2010.** Research and development expenses increased \$8.7 million from \$9.7 million in 2010 to \$18.4 million in 2011. This increase was primarily due to an increase in compensation expenses of \$7.0 million resulting from increased headcount as part of our focus on further developing and enhancing our products and \$1.1 million in facilities and allocated overhead costs. Our research and development headcount increased from 61 employees as of December 31, 2010 to 108 employees as of December 31, 2011.

**General and Administrative**

**Year ended December 31, 2012 compared to year ended December 31, 2011.** General and administrative expenses increased \$11.0 million from \$6.7 million in 2011 to \$17.7 million in 2012. This increase was primarily attributable to an increase in compensation expenses of \$4.4 million resulting from increased headcount to support our overall growth. Our general and administrative headcount increased from 36 employees as of December 31, 2011 to 59 employees as of December 31, 2012. The increase was also attributable to \$1.8 million in accounting, legal and recruiting expenses to support growth in our business, \$1.2 million in facilities and allocated overhead costs, and additional costs incurred in preparation for our initial public offering. The remainder of the increase was primarily related to the establishment of a donor-advised charitable foundation operating as the Tableau Foundation.

**Year ended December 31, 2011 compared to year ended December 31, 2010.** General and administrative expenses increased \$2.9 million from \$3.8 million in 2010 to \$6.7 million in 2011. This increase was primarily due to an increase in compensation expenses of \$1.4 million resulting from increased headcount to support our overall growth. Our general and administrative headcount increased from 19 employees as of December 31, 2010 to 36 employees as of December 31, 2011. The remainder of the increase was primarily attributable to professional services fees of \$0.7 million related primarily to the use of independent contractors.

**Other Income (Expense), Net**

	Year Ended December 31,		
	2010	2011	2012
	(dollars in thousands)		
Other income (expense), net	\$	\$ (16)	\$ (54)
Other income (expense), net increased due to expenses associated with foreign currency exchange transactions.			

**Table of Contents****Provision for Income Taxes**

	Year Ended December 31,			2010 to 2011 % change	2011 to 2012 % change
	2010	2011	2012		
	(dollars in thousands)				
Provision for income taxes	\$ 102	\$ 523	\$ 2,777	412.7%	431.0%
Effective income tax rate	3.6%	13.4%	66.1%	272.2%	393.3%

**Year ended December 31, 2012 compared to year ended December 31, 2011.** Our provision for income taxes and effective income tax rate both increased from 2011 to 2012, as a result of the release of the valuation allowance in 2011, increased non-deductible stock-based compensation expense in 2012 and the expiration of the federal research and development tax credit at the end of 2011. The provision for income tax also increased as a result of the growth in net income before provision for income taxes in 2012. As of December 31, 2012, we had fully utilized all available federal net operating loss and research and development tax credits.

**Year ended December 31, 2011 compared to year ended December 31, 2010.** For periods prior to 2011, we had established a full valuation allowance on our net deferred income tax assets. This valuation allowance was released in 2011. Our provision for income taxes increased due to the increase in pre-tax income and as a result of our release of the valuation allowance on our deferred income tax assets.

**Quarterly Results of Operations**

The following tables set forth selected unaudited quarterly statements of operations data for the eleven quarters ended September 30, 2013, as well as the percentage that each line item represents of total revenues. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which include only normal recurring adjustments, necessary for the fair statement of our consolidated results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this prospectus. Our quarterly results of operations will vary in the future. These quarterly operating results are not necessarily indicative of our operating results for any future period.

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	Three Months Ended										
	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
(in thousands)											
<b>Consolidated Statements of Operations Data:</b>											
<b>Revenues</b>											
License	\$ 7,266	\$ 9,574	\$ 10,286	\$ 17,288	\$ 17,456	\$ 20,239	\$ 22,112	\$ 30,076	\$ 26,426	\$ 33,518	\$ 41,951
Maintenance and services	3,310	4,095	4,677	5,864	7,229	8,877	10,014	11,730	13,592	16,366	19,128
<b>Total revenues</b>	<b>10,576</b>	<b>13,669</b>	<b>14,963</b>	<b>23,152</b>	<b>24,685</b>	<b>29,116</b>	<b>32,126</b>	<b>41,806</b>	<b>40,018</b>	<b>49,884</b>	<b>61,079</b>
<b>Cost of revenues</b>											
License	6	94	37	76	56	93	21	135	176	110	237
Maintenance and services	464	633	763	940	1,615	2,406	2,788	3,248	3,374	4,236	4,341
<b>Total cost of revenues<sup>(1)</sup></b>	<b>470</b>	<b>727</b>	<b>800</b>	<b>1,016</b>	<b>1,671</b>	<b>2,499</b>	<b>2,809</b>	<b>3,383</b>	<b>3,550</b>	<b>4,346</b>	<b>4,578</b>
<b>Gross profit</b>	<b>10,106</b>	<b>12,942</b>	<b>14,163</b>	<b>22,136</b>	<b>23,014</b>	<b>26,617</b>	<b>29,317</b>	<b>38,423</b>	<b>36,468</b>	<b>45,538</b>	<b>56,501</b>
<b>Operating expenses</b>											
Sales and marketing <sup>(1)</sup>	5,036	6,268	7,495	11,564	10,577	12,983	15,565	23,208	23,673	27,565	32,189
Research and development <sup>(1)</sup>	3,681	4,374	4,969	5,363	6,725	7,493	8,488	10,359	12,941	14,135	15,438
General and administrative <sup>(1)</sup>	1,350	1,447	1,832	2,050	2,915	3,340	4,278	7,182	5,601	6,118	6,345
<b>Total operating expenses</b>	<b>10,067</b>	<b>12,089</b>	<b>14,296</b>	<b>18,977</b>	<b>20,217</b>	<b>23,816</b>	<b>28,331</b>	<b>40,749</b>	<b>42,215</b>	<b>47,818</b>	<b>53,972</b>
<b>Operating income (loss)</b>	<b>\$ 39</b>	<b>\$ 853</b>	<b>\$ (133)</b>	<b>\$ 3,159</b>	<b>\$ 2,797</b>	<b>\$ 2,801</b>	<b>\$ 986</b>	<b>\$ (2,326)</b>	<b>\$ (5,747)</b>	<b>\$ (2,280)</b>	<b>2,529</b>
Other income (expense), net	(5)		(12)	1	(11)	(16)	(22)	(5)	(53)	(119)	(177)
<b>Income (loss) before income tax expense (benefit)</b>	<b>34</b>	<b>853</b>	<b>(145)</b>	<b>3,160</b>	<b>2,786</b>	<b>2,785</b>	<b>964</b>	<b>(2,331)</b>	<b>(5,800)</b>	<b>(2,399)</b>	<b>2,352</b>
Income tax expense (benefit)	28	42	16	437	1,729	1,726	597	(1,275)	(1,765)	176	(89)
<b>Net income (loss)</b>	<b>\$ 6</b>	<b>\$ 811</b>	<b>\$ (161)</b>	<b>\$ 2,723</b>	<b>\$ 1,057</b>	<b>\$ 1,059</b>	<b>\$ 367</b>	<b>\$ (1,056)</b>	<b>\$ (4,035)</b>	<b>\$ (2,575)</b>	<b>\$ 2,441</b>

(1) Includes stock-based compensation expense as follows:

	Three Months Ended										
	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
(in thousands)											
Cost of revenues	\$ 5	\$ 6	\$ 5	\$ 6	\$ 15	\$ 23	\$ 28	\$ 41	\$ 73	\$ 105	\$ 113
Sales and marketing	102	151	151	161	265	318	350	461	819	1,245	1,442
Research and development	121	169	166	172	426	488	531	670	1,035	1,277	1,473
General and administrative	42	56	58	77	245	276	288	371	572	677	702
<b>Total stock-based compensation expense</b>	<b>\$ 270</b>	<b>\$ 382</b>	<b>\$ 380</b>	<b>\$ 416</b>	<b>\$ 951</b>	<b>\$ 1,105</b>	<b>\$ 1,197</b>	<b>\$ 1,543</b>	<b>\$ 2,499</b>	<b>\$ 3,304</b>	<b>\$ 3,730</b>

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	Three Months Ended											
	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013	
(as a percentage of total revenues)												
<b>Revenues</b>												
License	68.7%	70.0%	68.7%	74.7%	70.7%	69.5%	68.8%	71.9%	66.0%	67.2%	68.7%	
Maintenance and services	31.3	30.0	31.3	25.3	29.3	30.5	31.2	28.1	34.0	32.8	31.3	
Total revenues	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
<b>Cost of revenues</b>												
License	0.1	0.7	0.2	0.3	0.2	0.3	0.1	0.3	0.4	0.2	0.4	
Maintenance and services	4.3	4.6	5.1	4.1	6.6	8.3	8.6	7.8	8.5	8.5	7.1	
Total cost of revenues	4.4	5.3	5.3	4.4	6.8	8.6	8.7	8.1	8.9	8.7	7.5	
Gross profit	95.6	94.7	94.7	95.6	93.2	91.4	91.3	91.9	91.1	91.3	92.5	
<b>Operating expenses</b>												
Sales and marketing	47.6	45.9	50.1	49.9	42.8	44.6	48.4	55.5	59.2	55.3	52.7	
Research and development	34.8	32.0	33.2	23.2	27.2	25.7	26.4	24.8	32.3	28.3	25.3	
General and administrative	12.8	10.6	12.3	8.9	11.9	11.5	13.4	17.2	14.0	12.3	10.4	
Total operating expenses	95.2	88.5	95.6	82.0	81.9	81.8	88.2	97.5	105.5	95.9	88.4	
Operating income (loss)	0.4	6.2	(0.9)	13.6	11.3	9.6	3.1	(5.6)	(14.4)	(4.6)	4.1	
Other income (expense), net	(0.1)		(0.1)				(0.1)		(0.1)	(0.2)	(0.2)	
Income (loss) before income tax expense (benefit)	0.3	6.2	(1.0)	13.6	11.3	9.6	3.0	(5.6)	(14.5)	(4.8)	3.9	
Income tax expense (benefit)	0.2	0.3	0.1	1.8	7.0	6.0	1.9	(3.1)	(4.4)	0.4	(0.1)	
Net income (loss)	0.1%	5.9%	(1.1)%	11.8%	4.3%	3.6%	1.1%	(2.5)%	(10.1)%	(5.2)%	4.0%	

	Three Months Ended											
	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013	
(in thousands)												
<b>Other Financial Data:</b>												
Non-GAAP operating income (loss) <sup>(1)</sup>	\$ 309	\$ 1,235	\$ 247	\$ 3,575	\$ 3,748	\$ 3,906	\$ 2,183	\$ 1,168	\$ (3,248)	\$ 1,024	\$ 6,259	
Non-GAAP net income (loss) <sup>(2)</sup>	274	1,183	209	3,126	1,885	2,025	1,423	1,521	(1,808)	316	5,554	
Free cash flow <sup>(3)</sup>	(1,346)	1,356	1,493	6,450	2,849	1,888	5,117	(2,651)	1,167	2,141	4,256	

- (1) Non-GAAP operating income (loss) is a non-GAAP financial measure that we calculate as operating income (loss) excluding stock-based compensation expense and, in the quarter ended December 31, 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation. For more information about non-GAAP operating income (loss), see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."
- (2) Non-GAAP net income (loss) is a non-GAAP financial measure that we calculate as net income (loss) excluding stock-based compensation expense and, in the quarter ended December 31, 2012, the cash and stock-based expense associated with our funding of the Tableau Foundation, each net of tax. For more information about non-GAAP net income (loss), see the section titled "Selected Consolidated Financial and Other Data - Non-GAAP Financial Results."
- (3) Free cash flow is a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities less net cash used in investing activities for purchases of property and equipment. For more information about free cash flow, see the section titled "Selected Consolidated Financial and

Other Data Non-GAAP Financial Results.



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The following table reflects the reconciliation of operating income (loss) to non-GAAP operating income (loss):

	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Three Months Ended			Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
					Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012				
Operating income (loss)	\$ 39	\$ 853	\$ (133)	\$ 3,159	\$ 2,797	\$ 2,801	\$ 986	\$ (2,326)	\$ (5,747)	\$ (2,280)	\$ 2,529
Excluding:											
Stock-based compensation expense	270	382	380	416	951	1,105	1,197	1,543	2,499	3,304	3,730
Funding of the Tableau Foundation								1,951			
Non-GAAP operating income (loss)	\$ 309	\$ 1,235	\$ 247	\$ 3,575	\$ 3,748	\$ 3,906	\$ 2,183	\$ 1,168	\$ (3,248)	\$ 1,024	\$ 6,259

The following table reflects the reconciliation of net income (loss) to non-GAAP net income (loss):

	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Three Months Ended			Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
					Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012				
Net income (loss)	\$ 6	\$ 811	\$ (161)	\$ 2,723	\$ 1,057	\$ 1,059	\$ 367	\$ (1,056)	\$ (4,035)	\$ (2,575)	\$ 2,441
Excluding:											
Stock-based compensation expense, net of tax	268	372	370	403	828	966	1,056	1,357	2,227	2,891	3,113
Funding of the Tableau Foundation, net of tax								1,220			
Non-GAAP net income (loss)	\$ 274	\$ 1,183	\$ 209	\$ 3,126	\$ 1,885	\$ 2,025	\$ 1,423	\$ 1,521	\$ (1,808)	\$ 316	\$ 5,554

The following table reflects the reconciliation of net cash provided by (used in) operating activities to free cash flow:

	Mar. 31, 2011	Jun. 30, 2011	Sept. 30, 2011	Dec. 31, 2011	Three Months Ended			Dec. 31, 2012	Mar. 31, 2013	Jun. 30, 2013	Sept. 30, 2013
					Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012				
Net cash provided by (used in) operating activities	\$ (216)	\$ 3,220	\$ 2,352	\$ 7,527	\$ 4,448	\$ 3,525	\$ 7,342	\$ (1,076)	\$ 4,205	\$ 5,447	\$ 9,427
Less: Purchases of property and equipment	1,130	1,864	859	1,077	1,599	1,637	2,225	1,575	3,038	3,306	5,171
Free cash flow	\$ (1,346)	\$ 1,356	\$ 1,493	\$ 6,450	\$ 2,849	\$ 1,888	\$ 5,117	\$ (2,651)	\$ 1,167	\$ 2,141	\$ 4,256

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**Table of Contents*****Seasonality and Quarterly Trends***

***Seasonality.*** Our quarterly results reflect seasonality in the sale of our products and services. Historically, we believe a pattern of increased license sales in the fourth fiscal quarter as a result of seasonal buying patterns has positively impacted total revenues in that period, which has resulted in low or negative sequential revenue growth in the first quarter as compared to the prior quarter. For example, our total revenues in the first quarter of 2013 decreased when compared to total revenues for the fourth quarter of 2012. We expect this seasonality to continue in future years and beyond. Such seasonality has resulted in a decrease in quarterly revenues from the fourth quarter of a fiscal year to the first quarter of the subsequent fiscal year. Our gross margins and operating income (losses) have also been affected by these historical trends because the majority of our expenses are relatively fixed in the short term. In addition, sales and marketing expenses typically increase towards the end of the year with respect to year-end commissions and to the timing of our U.S. Tableau Customer Conference, which was held in the fourth quarter of 2011 and 2012 and in the third quarter of 2013.

We may have backlog consisting of product license orders that have not yet been fulfilled or invoiced, or maintenance and service orders that have not yet been performed. Historically, our backlog has varied from quarter to quarter and has been immaterial to our total revenues.

***Quarterly revenues.*** Our quarterly revenues increased sequentially quarter over quarter for substantially all periods presented above, reflecting increased demand for our products and services from new and existing customers. We cannot assure you that this pattern of sequential revenue growth will continue. As noted above, the seasonality of our business has resulted in total revenues for the first quarter of 2013 being less than total revenues for the fourth quarter of 2012. In addition, the placement of large customer orders can significantly impact our quarterly revenues, resulting in low sequential revenue growth or a sequential decrease in quarterly revenues. As a result, we believe that comparisons of revenues for a given quarter to revenues for the corresponding quarter in the prior fiscal year are generally more meaningful than comparisons of revenues for sequential quarters.

***Quarterly cost of revenues.*** Our quarterly cost of revenues increased sequentially quarter over quarter for all periods presented above, primarily due to the increased cost of providing maintenance and services to our expanding customer base.

***Quarterly operating expenses.*** Total operating expenses have increased sequentially quarter over quarter for all periods presented above, primarily due to the continued addition of personnel in connection with the expansion of our business. This addition of headcount has generally contributed to quarterly sequential increases in operating expenses.

Sales and marketing expenses generally increased sequentially quarter over quarter for the periods presented above, primarily due to increases in headcount-related expenses from continued hiring to support sales growth, increased marketing programs and increased commissions in alignment with sales growth. Sales and marketing expenses are typically higher during the second half of each year as the result of year-end sales commission and our U.S. Tableau Customer Conference, which was held in the fourth quarter of 2011 and 2012 and in the third quarter of 2013.

Research and development expenses increased sequentially quarter over quarter for all periods presented above, primarily due to increases in headcount-related expenses from continued hiring to develop and enhance our products.

General and administrative expenses increased sequentially quarter over quarter for all periods presented above, primarily due to increases in headcount-related expenses, as well as increased consulting and professional services fees related to accounting, legal and recruiting activities to

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support growth in our business, and additional costs incurred in preparation for our initial public offering. General and administrative expenses for the fourth quarter of 2012 include \$2.0 million of expense for the funding of the Tableau Foundation.

**Liquidity and Capital Resources**

Since our inception, we have financed our operations primarily through cash flows generated by operations and to a lesser extent the sale of preferred stock. In May 2013, we closed our initial public offering, in which we sold 6,230,000 shares of Class A common stock and the selling stockholders sold 3,200,000 shares of Class A common stock at an offering price of \$31.00 per share. We received proceeds of \$177.0 million from our initial public offering, net of underwriters' discounts and commissions and offering expenses.

As of September 30, 2013, we had cash and cash equivalents totaling \$226.3 million, net accounts receivable of \$44.2 million and \$202.7 million of working capital.

The following tables show our cash and cash equivalents and our cash flows from operating activities, investing activities and financing activities for the stated periods:

	As of December 31,		As of
	2011	2012	September 30,
		(in thousands)	2013
			(unaudited)
Cash and cash equivalents	\$ 30,223	\$ 39,302	\$ 226,337

	Year Ended December 31,			Nine Months Ended	
	2010	2011	2012	2012	2013
			(in thousands)		
				(unaudited)	
Net cash provided by operating activities	\$10,376	\$12,883	\$14,239	\$15,315	\$19,079
Net cash used in investing activities	(2,169)	(4,930)	(7,036)	(5,461)	(11,515)
Net cash provided by (used in) financing activities	332	(341)	1,876	283	179,469
Effect of exchange rates					2
Net increase in cash and cash equivalents	\$8,539	\$7,612	\$9,079	\$10,137	\$187,035

**Cash and Cash Equivalents**

As of September 30, 2013, our cash and cash equivalents were held for working capital purposes, a majority of which was held in cash deposits and money market funds. We intend to increase our capital expenditures to support the growth in our business and operations. We believe that our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support research and development efforts, the continued expansion of sales and marketing activities, the introduction of new and enhanced software and services offerings, and the continued market acceptance of our products.

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Net cash provided by operating activities was \$19.1 million for the nine months ended September 30, 2013, as a result of a net loss of \$4.2 million, offset by stock-based compensation expense and other non-cash charges of \$14.2 million and a net change of \$9.0 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a \$19.5 million increase in deferred revenue and a \$9.0 million increase in accounts payable and other accrued liabilities, partially offset by a \$13.5 million increase in accounts receivable and a \$3.5 million increase in income taxes receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts payable and other accrued liabilities was primarily related to the overall growth of the business. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales. The increase in income taxes receivable was primarily related to our tax benefit in the nine months ended September 30, 2013.

Net cash provided by operating activities was \$15.3 million for the nine months ended September 30, 2012, as a result of net income of \$2.5 million, stock-based compensation expense and other non-cash charges of \$6.0 million and a net change of \$6.9 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a \$11.8 million increase in deferred revenue and a \$2.7 million increase in accounts payable and accrued liabilities, partially offset by a \$7.1 million increase in accounts receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts payable and accrued liabilities was primarily related to the overall growth of the business. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales.

Net cash provided by operating activities was \$14.2 million in the year ended December 31, 2012, as a result of net income of \$1.4 million, which included depreciation, stock-based compensation expense and other non-cash charges of \$9.4 million, and a net change of \$3.3 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a \$15.4 million increase in deferred revenue and a \$8.2 million increase in accrued liabilities, partially offset by a \$17.6 million increase in accounts receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales. The increase in accrued liabilities was due to the growth in our business and increased headcount.

Net cash provided by operating activities was \$12.9 million in the year ended December 31, 2011, as a result of net income of \$3.4 million, which included depreciation, stock-based compensation expense and other non-cash charges of \$3.9 million, and a net increase of \$5.6 million in our operating assets and liabilities. The increase in our operating assets and liabilities was primarily attributable to a \$10.5 million increase in deferred revenue and a \$5.3 million increase in accounts payable and accrued liabilities, partially offset by a \$9.4 million increase in accounts receivable. The increase in deferred revenue was primarily due to increased maintenance agreement sales. The increase in accounts receivable was primarily due to increased license and maintenance agreement sales. The increase in accrued liabilities was due to the growth in our business and increased headcount.

Net cash provided by operating activities was \$10.4 million in the year ended December 31, 2010, as a result of net income of \$2.7 million, which included depreciation, stock-based compensation expense and other non-cash charges of \$1.6 million, and a net increase of \$6.0 million in our operating assets and liabilities. The net increase in our operating assets and liabilities was primarily attributable to a \$3.8 million increase in deferred revenue and a \$3.3 million increase in accounts payable and accrued liabilities, partially offset by a \$1.1 million increase in accounts receivable. The increase in deferred revenue and accounts receivable was primarily due to increased sales. The increase in accrued liabilities was primarily due to the growth in our business and increased headcount.

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Cash outflows for investing activities for the nine months ended September 30, 2012 and 2013 were \$5.5 million and \$11.5 million, respectively. The cash used was primarily attributable to capital expenditures to support the growth of our business, including hardware and software and office equipment and leasehold improvements.

Cash outflows for investing activities for the years ended December 31, 2010, 2011 and 2012 were \$2.2 million, \$4.9 million and \$7.0 million, respectively. The cash used was primarily attributable to capital expenditures to support the growth of our business, including hardware and software and office equipment and leasehold improvements.

**Financing Activities**

Cash inflows from our financing activities for the nine months ended September 30, 2012 and 2013 were \$0.3 million and \$179.5 million, respectively. In the nine months ended September 30, 2013, cash provided by financing activities was primarily due to the \$177.0 million net proceeds from our initial public offering. In addition for the nine months ended September 30, 2012 and 2013, cash provided by financing activities attributable to proceeds and tax benefits from the exercise of stock options was \$0.3 million and \$2.5 million, respectively.

Cash inflows (outflows) from our financing activities for the years ended December 31, 2010, 2011 and 2012 were \$0.3 million, \$(0.3) million and \$1.9 million, respectively. The cash provided primarily was attributable to proceeds from the exercise of stock options. For 2011, cash outflows were attributable to cash paid to repurchase shares of our common stock and payments on capital lease obligations.

**Commitments**

Our principal commitments primarily consist of obligations under leases for office space. As of December 31, 2012, the future non-cancelable minimum lease payments under these obligations were as follows:

	Total	Payments Due by Period			More than 5 years
		Less than 1 year	1-3 years (in thousands)	3-5 years	
Operating lease obligations	\$ 8,469	\$ 3,261	\$ 4,550	\$ 658	\$

Subsequent to December 31, 2012, we signed additional leases for office space. As of September 30, 2013, our future non-cancelable minimum operating lease payments are as follows:

	Total	Payments Due by Period			More than 5 years
		Less than 1 year	1-3 years (in thousands)	3-5 years	
Operating lease obligations	\$ 20,343	\$ 1,213	\$ 10,600	\$ 5,866	\$ 2,664

**Off-Balance Sheet Arrangements**

During the nine months ended September 30, 2012 and 2013 and the years ended December 31, 2010, 2011 and 2012, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements.

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### **Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of the matters that are inherently uncertain.

### ***Revenue Recognition***

We generate revenues primarily in the form of software license fees and related maintenance and services fees. License fees include perpetual, term and subscription license fees. Maintenance and services primarily consist of fees for maintenance services (including support and unspecified upgrades and enhancements when and if they are available), training and professional services that are not essential to functionality of our software.

We recognize revenues when all of the following conditions are met:

there is persuasive evidence of an arrangement;

the software or services have been delivered to the customer;

the amount of fees to be paid by the customer is fixed or determinable; and