

Paylocity Holding Corp  
Form S-3  
September 14, 2015

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As filed with the Securities and Exchange Commission September 14, 2015

Registration No. 333-

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

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**FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**Paylocity Holding Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or jurisdiction of  
incorporation or organization)

**46-4066644**  
(IRS Employer  
Identification Number)

**3850 N. Wilke Road  
Arlington Heights, Illinois 60004  
(847) 463-3200**

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

---

**Steven R. Beauchamp  
President and Chief Executive Officer  
3850 N. Wilke Road  
Arlington Heights, Illinois 60004  
(847) 463-3200**

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

---

**Copies to:**

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**Approximate date of proposed sale to the public:**

As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

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 of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, 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.

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 registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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. (Check one):

Large accelerated  
filer

Accelerated  
filer

Non-accelerated  
filer   
(Do not check if a  
smaller reporting  
company)

Smaller reporting  
company

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**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(2)(3)	Amount of registration fee
Common stock, par value \$0.001 per share	4,301,000	\$34.17	\$146,965,170.00	\$17,077.36

(1) Includes shares of common stock that the underwriters have the option to purchase pursuant to their overallotment option.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) of the Securities Act of 1933, as amended, and based upon the average of the high and low sales prices of the registrant's common stock on September 8, 2015, as reported on the NASDAQ Global Select Market.

(3) Includes the offering price of shares of common stock that the underwriters have the option to purchase pursuant to their overallotment option.

**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 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY PROSPECTUS**  
**Subject to Completion, dated September 14, 2015**

**3,740,000 Shares**

## **Paylocity Holding Corporation**

### **Common Stock**

The selling stockholders identified in this prospectus are selling 3,740,000 shares of common stock. We will not receive any proceeds from the sale of shares of common stock by the selling stockholders.

Our common stock is listed on the NASDAQ Global Select Market under the symbol "PCTY." The last sale price of our common stock on September 11, 2015, as reported by the NASDAQ Global Select Market, was \$33.44 per share.

**We are an "emerging growth company" under the federal securities laws and, as such, are subject to reduced public company reporting requirements. Investing in our common stock involves risks. See "Risk Factors" beginning on page 12.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds to selling stockholders, before expenses	\$	\$

(1) We have agreed to reimburse the underwriters for certain FINRA-related expenses. See "Underwriting."

The underwriters may also purchase up to 561,000 additional shares of common stock from the selling stockholders, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus.

The underwriters expect to deliver shares of common stock to purchasers on or about \_\_\_\_\_, 2015.

**Deutsche Bank  
Securities**

**BofA Merrill  
Lynch**

**William  
Blair**

**Stifel**

, 2015.

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We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared and filed with the Securities and Exchange Commission. We take no 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, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of the date on the front cover of this prospectus, or other earlier date stated in this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

For investors outside the United States: Neither we, nor the selling stockholders, nor the underwriters have done anything that would permit this public offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.



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**PROSPECTUS SUMMARY**

*This summary highlights certain information about us, this offering and selected information contained elsewhere in or incorporated by reference in this prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our common stock. You should carefully read this entire prospectus, including the information set forth below in the section titled "Risk Factors" and in the section titled "Risk Factors" in the documents incorporated herein by reference, including our Annual Report on Form 10-K for the year ended June 30, 2015, the other information incorporated by reference in this prospectus and the information included in any free writing prospectus that we have authorized for use in connection with this offering. Some of the statements in this prospectus constitute forward-looking statements. See the section titled "Special Note Regarding Forward-Looking Statements" for more information. Unless otherwise indicated or the context otherwise requires, references in this prospectus to "Paylocity," "the Company," "our company," "we," "us," and "our" refer to Paylocity Holding Corporation, a Delaware corporation, and, where appropriate, its wholly-owned subsidiary. References to any year herein refer to the twelve months ended June 30 of the year indicated unless otherwise specified.*

**Paylocity Holding Corporation**

**Overview**

We are a cloud-based provider of payroll and human capital management, or HCM, software solutions for medium-sized organizations, which we define as those having between 20 and 1,000 employees. Our comprehensive and easy-to-use solutions enable our clients to manage their workforces more effectively. As of June 30, 2015, we served approximately 10,350 clients across the U.S., which on average had over 100 employees. Our solutions help drive strategic human capital decision-making and improve employee engagement by enhancing the human resource, payroll and finance capabilities of our clients.

Our multi-tenant software platform is highly configurable and includes a unified suite of payroll and HCM applications, such as time and labor tracking, benefits and talent management. Our solutions have been organically developed from our core payroll solution, which we believe is the most critical system of record for medium-sized organizations and an essential gateway to other HCM functionality. Our payroll and HCM applications use a unified database and provide robust on-demand reporting and analytics. Our platform provides intuitive self-service functionality for employees and managers combined with seamless integration across all our solutions. We supplement our comprehensive software platform with an integrated implementation and client service organization, all of which are designed to meet the needs of medium-sized organizations.

Effective management of human capital is a core function in all organizations and requires a significant commitment of resources. Organizations are faced with complex and ever-changing requirements, including diverse federal, state and local regulations across multiple jurisdictions. In addition, the workplace operating environment is rapidly changing as employees increasingly become mobile, work remotely and expect an end user experience similar to that of consumer-oriented Internet applications. Medium-sized organizations operating without the infrastructure, expertise or personnel of larger enterprises are uniquely pressured in this complex and dynamic environment. Existing solutions offered by third-party payroll service providers can have limited capabilities and configurability while enterprise-focused software vendors can be expensive and time-consuming to implement and manage. We believe that medium-sized organizations are better served by solutions designed to meet their unique needs.

We market and sell our products primarily through our direct sales force. We generate sales leads through a variety of focused marketing initiatives and by referrals from our extensive referral

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network of 401(k) advisors, benefits administrators, insurance brokers, third-party administrators and HR consultants. We derive revenue from a client based on the solutions purchased by the client, the number of client employees and the amount, type and timing of services provided in respect of those client employees. Our annual revenue retention rate was greater than 92% in each of the fiscal years 2013, 2014 and 2015. Our total revenues increased from \$77.3 million in fiscal 2013 to \$108.7 million in fiscal 2014, representing a 41% year-over-year increase, and to \$152.7 million in fiscal 2015, representing a 40% year-over-year increase. Our recurring revenues increased from \$72.8 million in fiscal 2013 to \$101.9 million in fiscal 2014, representing a 40% year-over-year increase, and to \$144.1 million in fiscal 2015, representing a 41% year-over-year increase. Although we do not have long-term contracts with our clients and our agreements with clients are generally terminable on 60 days' or less notice, our recurring revenue model provides significant visibility into our future operating results. We have invested, and continue to invest, in growing our business by expanding our sales and marketing activities, increasing research and development to expand and improve our product offerings, and scaling our technical infrastructure and operations. We incurred net losses of \$7.1 million and \$14.0 million in fiscal 2014 and 2015, respectively. We had net income of \$617,000 in fiscal 2013.

## **Industry Background**

Effective management of human capital is a core function in all organizations and requires a significant commitment of resources. Identifying, acquiring and retaining talent is a priority at all levels of an organization. In today's increasingly complex business and regulatory environment, organizations are being pressured to manage critical payroll and HCM functions more effectively, automate manual processes and decrease their operating costs.

### *Complex and Dynamic Tax and Regulatory Environment*

The tax and regulatory environment in the United States is complex and dynamic. Organizations are subject to a myriad of tax, benefit, workers compensation, healthcare and other rules, regulations and reporting obligations. In addition to U.S. federal taxing and regulatory authorities, there are more than 10,000 state and local tax codes in the United States. Further, federal, state and local government agencies continually enact and amend the rules, regulations and reporting requirements with which organizations must comply.

### *Growing Demand for Mobility and Enhanced User Experience*

Connectivity and mobility are enabling employees to spend less time in traditional office environments and more time working remotely. This trend increases the demand for advanced and intuitive solutions that improve collaboration and foster employee engagement, such as remote self-service access to payroll and timesheet reporting, HR and benefits portals and other talent management applications. Given the prominence of consumer-oriented Internet applications, employees expect the user experience and accessibility of internal systems to be similar to those of the latest Internet applications, such as LinkedIn, Amazon and Facebook.

### *Medium-Sized Organizations Face Unique Challenges*

Medium-sized organizations functioning without the infrastructure, expertise or personnel of larger enterprises are uniquely pressured in the current complex and dynamic environment. Employees in these medium-sized organizations often perform multiple job functions, and many medium-sized organizations have limited financial, technical and other resources needed to effectively manage their critical business requirements and to build and maintain the systems required to do so.

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***Large Market Opportunity for Payroll and HCM Solutions***

We believe the U.S. market for HCM applications and payroll outsourcing services is significant. The market opportunity is driven by the importance of payroll and HCM solutions to the successful management of organizations.

To estimate our addressable market, we focus our analysis on the number of U.S. medium-sized organizations and the number of their employees. According to the U.S. Census Bureau, there were over 565,000 firms with 20 to 999 employees in the U.S. in 2010, employing over 40 million persons. We estimate that if clients were to buy our entire suite of existing solutions at list prices, they would spend approximately \$230 per employee annually. Based on this analysis, we believe our current target addressable market is approximately \$9.0 billion. Our existing clients do not typically buy our entire suite of solutions, and as we continue to expand our product offerings, we believe that we have an opportunity to increase the amount clients spend on payroll and HCM solutions per employee and to expand our addressable market.

***Organizations Are Increasingly Transitioning to SaaS Solutions***

SaaS solutions are easier and more affordable to implement and operate than those offered by traditional software providers. SaaS solutions also enable software updates with greater frequency and without new hardware investments, enabling organizations to better react to changes in their environments. Many organizations are transitioning to SaaS solutions for front-office business applications such as salesforce management. Similarly, we believe organizations are adopting back-office SaaS applications, such as payroll and HCM, with increasing frequency.

***Limitations of Existing Solutions***

We believe that existing payroll and HCM solutions have limitations that cause them to underserve the unique needs of medium-sized organizations. Existing payroll and HCM solutions include traditional payroll service providers, enterprise-focused payroll and HCM software vendors, HCM point solution providers and manual processes for payroll and HCM functions. Given the challenges medium-sized organizations face operating in complex and dynamic environments and the limited ability of traditional offerings to address these challenges, we believe there is a significant market opportunity for a comprehensive, unified SaaS solution designed to serve the payroll and HCM needs of medium-sized organizations.

**Our Solution**

We are a cloud-based provider of payroll and HCM software solutions for medium-sized organizations. Our solutions enable medium-sized organizations to more efficiently manage payroll and human capital in their complex and dynamic operating environments. As of June 30, 2015, we served approximately 10,350 clients across the U.S., which on average had over 100 employees.

The key benefits of our solution include the following:

*Comprehensive Platform Optimized for Medium-Sized Organizations.* Our solutions empower finance and HR professionals in medium-sized organizations to drive strategic human capital decisions by providing enterprise-grade payroll and HCM applications, including robust reporting and analytics. Our unified platform fully automates payroll and HCM processes, enabling our clients to focus on core business activities. Our solutions help our clients attract, retain and manage their employees within a single, comprehensive system.

*Modern, Intuitive User Experience.* Our intuitive, easy-to-use interface is based on current technology and automatically adapts to users' devices, including mobile platforms, thereby significantly increasing accessibility of our solutions and decreasing the need for training.

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Our platform's self-service functionality and performance management applications provide employees with an engaging experience. Our performance management applications include peer-to-peer employee recognition and social employee profiles that create a reward and recognition environment resulting in greater employee engagement.

*Flexible and Configurable Platform.* We design our solutions to be flexible and configurable, allowing our clients to match their use of our software with their specific business processes and workflows. Our platform has been organically developed from a common code base, data structure and user interface, providing a consistent user experience with powerful features that are easily adaptable to our clients' needs. Our systems centralize payroll and HCM data, minimizing inconsistent and incomplete information that can be produced when using multiple databases.

*Highly-Attractive SaaS Solution for Medium-Sized Organizations.* Our solutions are cloud-based and offered on a subscription basis, making them easier and more affordable to implement, operate and update and enabling our clients to focus less on their IT infrastructure and more on their core businesses. Our cloud-based software can be operated by a single administrator without the support of an in-house information technology department. Our multi-tenant and modern architecture allows for frequent software enhancements thereby enabling our clients to react to a rapidly changing and complex operating environment. Our cloud-based platform enables our clients to scale their businesses without having to acquire additional hardware or to resolve the integration challenges that often result from traditional outsourcing solutions.

*Seamless Integration with Extensive Ecosystem of Partners.* Our platform offers our clients automated data integration with over 200 related third-party partner systems, such as 401(k), benefits and insurance provider systems. This integration reduces the complexity and risk of error of manual data transfers and saves time for our clients and their employees. We integrate data with these related systems through a secure connection, which significantly decreases the risk of unauthorized third-party access and other security breaches. Our direct and automated data transmission improves the accuracy of data and facilitates data collection in our partners' systems. We believe having automated data integration with a payroll and HCM provider like us differentiates our partners' product offerings, strengthening their competitive positioning in their own markets.

### **Our Strategy**

We intend to strengthen and extend our position as a provider of cloud-based payroll and HCM software solutions to medium-sized organizations. Key elements of our strategy include:

*Grow Our Client Base.* We believe that our current client base represents only a small portion of the medium-sized organizations that could benefit from our solutions. While we served approximately 10,350 clients across the U.S. as of June 30, 2015, there were over 565,000 firms with 20 to 999 employees in the United States, employing more than 40 million persons, according to the U.S. Census Bureau in 2010. In order to acquire new clients, we plan to continue to grow our sales organization aggressively across all U.S. geographies.

*Expand Our Product Offerings.* We believe that our leadership position is in significant part the result of our investment and innovation in our product offerings designed for medium-sized organizations. Therefore, we plan to increase investment in software development to continue to advance our platform and expand our product offerings. For example, in June 2015 we announced the release of ACA Enhanced, which will provide compliance and reporting for the Affordable Care Act.

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*Increase Average Revenue Per Client.* Our average revenue per client has consistently increased in each of the last three years as we have broadened our product offerings. We plan to further grow average revenue per client by selling a broader selection of products to new and existing clients.

*Extend Technological Leadership.* We believe that our organically developed cloud-based multi-tenant software platform, combined with our unified database architecture, enhances the experience and usability of our products, providing what we believe to be a competitive advantage over alternative solutions. Our modern, intuitive user interface utilizes features found on many popular consumer Internet sites, enabling users to use our solutions with limited training. We plan to continue our technology innovation, as we have done with our mobile applications, social features and analytics capabilities.

*Further Develop Our Referral Network.* We have developed a strong network of referral participants, such as 401(k) advisors, benefits administrators, insurance brokers, third-party administrators and HR consultants that recommend our solutions and provide referrals. We believe that our platform's automated data integration with over 200 related third-party partner systems is valuable to our referral participants, as they are able to access payroll and HR data through a single system which decreases complexity and cost and complements their own product offerings. We plan to increase integration with third-party providers and expand our referral network to grow our client base and lower our client acquisition costs.

### **Summary Risk Factors**

Investing in our common stock involves significant risks and uncertainties. You should carefully consider the risks and uncertainties discussed under the section titled "Risk Factors" elsewhere in this prospectus and in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended June 30, 2015 before making a decision to invest in our common stock. If any of these risks and uncertainties occur, our business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of our common stock would likely decline and you may lose all or part of your investment. Below is a summary of some of the principal risks we face:

We have incurred losses in the past, and we may not be able to achieve or sustain profitability for the foreseeable future.

Our quarterly operating results have fluctuated in the past and may continue to fluctuate.

Failure to manage our growth effectively could increase our expenses, decrease our revenue and prevent us from implementing our business strategy.

The markets in which we participate are highly competitive, and if we do not compete effectively, our operating results could be adversely affected.

If we fail to adequately expand our direct sales force with qualified and productive sales representatives, we may not be able to grow our business effectively.

Insiders will continue to have substantial control over us after this offering, which control may limit our stockholders' ability to influence corporate matters and delay or prevent a third party from acquiring control over us.

Our stock price may be subject to wide fluctuations.

Upon completion of this offering, our directors, executive officers and holders of more than 5% of our common stock, together with their respective affiliates, will beneficially own, in the aggregate, approximately % of our outstanding common stock. See "Risk Factors Insiders will continue



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to have substantial control over us after this offering, which control may limit our stockholders' ability to influence corporate matters and delay or prevent a third party from acquiring control over us."

### **Corporate Information**

We were incorporated in July 1997 as an Illinois corporation. In November 2005, we changed our name to Paylocity Corporation. In November 2013, we effected a restructuring whereby Paylocity Corporation became a wholly-owned subsidiary of Paylocity Holding Corporation, a Delaware corporation. Except as otherwise provided herein, this prospectus gives effect to this restructuring. All of our business operations are conducted by Paylocity Corporation.

We are headquartered in Arlington Heights, Illinois. Our principal executive offices are located at 3850 N. Wilke Road, Arlington Heights, Illinois 60004. Our telephone number is (847) 463-3200. Our corporate website address is [www.paylocity.com](http://www.paylocity.com). The information contained in, or that can be accessed through, our website is not part of this prospectus.

Paylocity and "Apple and Orange" and other trademarks or service marks of Paylocity appearing in this prospectus are our property. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and we have elected to 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."

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**The Offering**

Common stock offered by the selling stockholders	3,740,000 shares
Common stock to be outstanding after the offering	50,702,871 shares
Over-allotment option offered by the selling stockholders	561,000 shares
Risk factors	See "Risk factors" beginning on page 12 for a discussion of some of the factors you should carefully consider before deciding to invest in shares of our common stock.
Use of proceeds	The shares of common stock offered by this prospectus are being registered for the account of the selling stockholders named in this prospectus. As a result, all proceeds from the sales of the common stock will go to the selling stockholders and we will not receive any proceeds from the resale of the common stock by the selling stockholders. We will incur all costs associated with this registration statement and prospectus.
NASDAQ Global Select Market symbol	PCTY

Except as otherwise indicated, all references in this prospectus to the number of shares of our common stock to be outstanding after this offering is based on 50,702,871 shares outstanding as of June 30, 2015, after giving effect to the assumptions in the following paragraph, and excludes:

3,955,510 shares of common stock issuable upon the exercise of options outstanding as of June 30, 2015 having a weighted average exercise price of \$10.96 per share;

386,421 shares of common stock subject to restricted stock units outstanding as of June 30, 2015;

4,489,822 shares of common stock, subject to increase on an annual basis, reserved for future issuance under our 2014 Equity Incentive Plan; and

1,053,362 shares of common stock, subject to increase on an annual basis, reserved for future issuance under our 2014 Employee Stock Purchase Plan.

Unless otherwise noted, the information in this prospectus assumes:

no exercise of outstanding options after June 30, 2015;

no purchase of shares in this offering by our officers and directors; and

no exercise by the underwriters of their option to purchase additional shares.



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The following table sets forth our summary consolidated financial data as of the dates and for the periods indicated. Our fiscal year ends on June 30. The summary consolidated statement of operations data for each of the three fiscal years ended June 30, 2013, 2014 and 2015 and the summary consolidated balance sheet data as of June 30, 2015 has been derived from our audited consolidated financial statements incorporated by reference into this prospectus from our Annual Report on Form 10-K for the fiscal year ended June 30, 2015. Historical results are not necessarily indicative of future results. You should read this data together with our consolidated financial statements, related notes and other financial information under the sections titled "Consolidated Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference into this prospectus from our Annual Report on Form 10-K for the fiscal year ended June 30, 2015.

	<b>Year Ended June 30,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>(in thousands, except per share data)</b>		
<b>Consolidated Statements of Operations Data:</b>			
Revenues:			
Recurring fees	\$ 71,309	\$ 100,362	\$ 142,168
Interest income on funds held for clients	1,459	1,582	1,901
<b>Total recurring revenues</b>	<b>72,768</b>	<b>101,944</b>	<b>144,069</b>
Implementation services and other	4,526	6,743	8,629
<b>Total revenues</b>	<b>77,294</b>	<b>108,687</b>	<b>152,698</b>
Cost of revenues:			
Recurring revenues	28,863	37,319	46,366
Implementation services and other	10,803	17,775	24,530
<b>Total cost of revenues</b>	<b>39,666</b>	<b>55,094</b>	<b>70,896</b>
<b>Gross profit</b>	<b>37,628</b>	<b>53,593</b>	<b>81,802</b>
Operating expenses:			
Sales and marketing	18,693	28,276	43,035
Research and development	6,825	10,355	19,864
General and administrative	12,079	21,980	32,824
<b>Total operating expenses</b>	<b>37,597</b>	<b>60,611</b>	<b>95,723</b>
Operating income (loss)	31	(7,018)	(13,921)
Other income (expense)	(16)	163	54
Income (loss) before income taxes	15	(6,855)	(13,867)
Income tax (benefit) expense	(602)	255	105