Amber Road, Inc.
Form 10-K/A
March 15, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No.1)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2016.
OR
¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period from to .
Commission file number 001-36360

AMBER ROAD, INC.

(Exact name of registrant as specified in its charter)

Delaware	**22-2590301**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One Meadowlands Plaza, East Rutherford, New Jersey	**07073**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(201) 935-8588**

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

Title of each class	**Name of exchange on which registered**
Common Stock, $0.001	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 ¨	Accelerated filer x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

The aggregate market value of common stock held by non-affiliates of the registrant as of June 30, 2016 based upon the closing sales price for the registrant's common stock as reported on the New York Stock Exchange on that date, was approximately$102,557,973. Shares of common stock held by each executive officer, director and large shareholder have been excluded, as such persons may be deemed affiliates.

As of February 28, 2017, there were 27,033,777 shares of the registrant's common stock, par value $0.001, outstanding.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the “Amendment”) amends Amber Road, Inc.’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (the “Form 10-K”), as filed with the Securities and Exchange Commission on March 10, 2017, and is being filed solely to amend the report prepared by KPMG LLP contained in Item 8 of the Form 10-K (the “Audit Report”) to correct a typographical error in the date of the Audit Report from March 9, 2017 to March 10, 2017. Pursuant to Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended, we have repeated the entire text of Item 8 of the Form 10-K in this Amendment. However, there have been no changes to the text of such item other than the change stated in the immediately preceding sentence. This Amendment includes a new consent of KPMG LLP as Exhibit 23.1 hereto and new certifications by our Principal Executive Officer and Principal Financial Officer pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1, 31.2, 32.1 and 32.2 hereto.

Except as expressly set forth above, this Amendment does not, and does not purport to, amend, update or restate the information in any other item of the Form 10-K or reflect any events that have occurred after the filing of the original Form 10-K.

AMBER ROAD, INC.
FORM 10-K/A

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PART II

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and accompanying notes and the report of our independent registered public accounting firm are listed in Part IV starting on page F-1.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Amber Road, Inc.:

We have audited the accompanying consolidated balance sheets of Amber Road, Inc. and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Amber Road, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 10, 2017

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$15,408,133	$17,854,523
Accounts receivable, net	19,661,156	18,308,547
Unbilled receivables	314,328	1,024,861
Deferred commissions	4,420,632	3,767,432
Prepaid expenses and other current assets	1,719,612	2,003,849
Total current assets	41,523,861	42,959,212
Property and equipment, net	9,978,255	12,180,109
Goodwill	43,907,017	43,913,185
Other intangibles, net	6,148,820	7,673,661
Deferred commissions	8,046,664	7,007,518
Deposits and other assets	884,471	890,059
Total assets	$110,489,088	$114,623,744
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	2,724,591	1,451,463
Accrued expenses	14,127,304	8,805,159
Current portion of capital lease obligations	1,155,964	1,598,450
Deferred revenue	34,464,264	30,532,404
Current portion of term loan, net of discount and debt financing costs	593,336	312,086
Total current liabilities	53,065,459	42,699,562
Capital lease obligations, less current portion	1,276,700	1,916,944
Deferred revenue, less current portion	2,135,620	2,393,345
Term loan, net of discount and debt financing costs, less current portion	13,614,514	14,207,850
Revolving credit facility	6,000,000	5,000,000
Other noncurrent liabilities	1,825,317	3,909,728
Total liabilities	77,917,610	70,127,429
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, $0.001 par value; 100,000,000 shares authorized; issued and outstanding 26,926,268 and 26,260,459 shares at December 31, 2016 and 2015, respectively	26,926	26,261
Additional paid-in capital	188,811,896	181,457,089
Accumulated other comprehensive loss	(1,336,792)	(783,209)
Accumulated deficit	(154,930,552)	(136,203,826)
Total stockholders' equity	32,571,478	44,496,315
Total liabilities and stockholders' equity	$110,489,088	$114,623,744

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

	Year Ended December 31,		
	2016	2015	2014
Revenue:			
Subscription	$53,310,533	$47,067,117	$45,142,117
Professional services	19,850,657	20,042,803	19,691,349
Total revenue	73,161,190	67,109,920	64,833,466
Cost of revenue (1):			
Cost of subscription revenue	19,922,839	20,041,196	14,586,245
Cost of professional services revenue	15,813,562	16,852,844	12,901,935
Total cost of revenue	35,736,401	36,894,040	27,488,180
Gross profit	37,424,789	30,215,880	37,345,286
Operating expenses (1):			
Sales and marketing	22,637,984	24,200,504	20,033,251
Research and development	16,794,516	16,448,625	9,745,137
General and administrative	15,318,098	16,528,568	15,761,895
Restricted stock expense	—	—	18,683,277
Total operating expenses	54,750,598	57,177,697	64,223,560
Loss from operations	(17,325,809)	(26,961,817)	(26,878,274)
Interest income	57,126	61,414	2,009
Interest expense	(862,321)	(910,046)	(275,074)
Loss before income taxes	(18,131,004)	(27,810,449)	(27,151,339)
Income tax expense	595,722	268,225	552,619
Net loss	(18,726,726)	(28,078,674)	(27,703,958)
Accretion of redeemable convertible preferred stock and puttable common stock	—	—	(2,416,505)
Net loss attributable to common stockholders	$(18,726,726)	$(28,078,674)	$(30,120,463)
Net loss per common share (Note 11):			
Basic and diluted	$(0.70)	$(1.07)	$(1.46)
Weighted-average common shares outstanding (Note 11):			
Basic and diluted	26,718,882	26,152,301	20,623,760

(1) Includes stock-based compensation as follows:

	Year Ended December 31,		
	2016	2015	2014
Cost of subscription revenue	$810,455	$766,498	$289,611
Cost of professional services revenue	480,160	515,354	189,598
Sales and marketing	872,899	821,177	346,545
Research and development	1,161,422	1,077,638	486,031
General and administrative	2,142,954	3,279,635	1,434,988
	$5,467,890	$6,460,302	$2,746,773

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Loss

	Year Ended December 31,		
	2016	2015	2014
Net loss	$(18,726,726)	$(28,078,674)	$(27,703,958)
Other comprehensive loss:			
Foreign currency translation	(553,583)	(175,717)	(121,575)
Total other comprehensive loss	(553,583)	(175,717)	(121,575)
Comprehensive loss	$(19,280,309)	$(28,254,391)	$(27,825,533)

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders’ Equity (Deficit)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2013	5,005,911	$ 15,221,195	$—	$ (485,917)	$ (78,016,761)	$ (63,281,483)
Net loss	—	—	—	—	(27,703,958)	(27,703,958)
Other comprehensive loss	—	—	—	(121,575)	—	(121,575)
Effect of par value on existing shares	—	(15,216,189)	15,216,189	—	—	—
Accretion of redeemable convertible preferred stock	—	—	—	—	(2,380,858)	(2,380,858)
Exercise of common stock options	767,593	768	1,567,369	—	—	1,568,137
Exercise of common stock warrant	196,304	196	3,011,712	—	—	3,011,908
Compensation related to restricted stock	—	—	18,683,277	—	—	18,683,277
Stock-based compensation expense	—	—	2,746,773	—	—	2,746,773
Accretion of puttable common stock	197,914	198	2,183,456	—	(23,575)	2,160,079
Conversion of preferred stock	14,802,188	14,802	77,139,409	—	—	77,154,211
Issuance of common stock for initial public offering	4,782,870	4,783	53,074,721	—	—	53,079,504
Common stock issued for contingent consideration	13,012	13	(13)	—	—	—
Stock compensation for contingent consideration	—	—	42,692	—	—	42,692
Balance at December 31, 2014	25,765,792	25,766	173,665,585	(607,492)	(108,125,152)	64,958,707
Net loss	—	—	—	—	(28,078,674)	(28,078,674)
Other comprehensive loss	—	—	—	(175,717)	—	(175,717)
Exercise of common stock options	462,703	463	1,298,964	—	—	1,299,427
Issuance of common stock for vested restricted stock units	24,452	24	(24)	—	—	—
Shares related to net share settlement of equity awards	(5,500)	(5)	(22,489)	—	—	(22,494)
Stock-based compensation expense	—	—	6,460,302	—	—	6,460,302
Common stock issued for contingent consideration	13,012	13	(13)	—	—	—
Stock compensation for contingent consideration	—	—	54,764	—	—	54,764
Balance at December 31, 2015	26,260,459	26,261	181,457,089	(783,209)	(136,203,826)	44,496,315
Net loss	—	—	—	—	(18,726,726)	(18,726,726)
Other comprehensive loss	—	—	—	(553,583)	—	(553,583)
Exercise of common stock options	646,639	647	1,886,935	—	—	1,887,582
Issuance of common stock for vested restricted stock units	12,664	12	(12)	—	—	—
Stock-based compensation expense	—	—	5,467,890	—	—	5,467,890
Common stock issued for contingent consideration	6,506	6	(6)	—	—	—
Balance at December 31, 2016	26,926,268	$ 26,926	$ 188,811,896	$ (1,336,792)	$ (154,930,552)	$ 32,571,478

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net loss	$(18,726,726)	$(28,078,674)	$(27,703,958)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	6,590,343	7,575,783	4,896,713
Bad debt expense	509,454	80,571	47,006
Stock-based compensation	5,467,890	6,460,302	2,746,773
Restricted stock non-cash compensation	—	—	18,683,277
Compensation related to puttable common stock	—	54,764	54,764
Acquisition related deferred compensation	1,419,885	946,590	—
Changes in fair value of contingent consideration liability	30,469	(1,350,441)	(43,855)
Change in fair value of warrant liability	—	—	1,244,635
Amortization of debt financing costs and accretion of debt discount	62,914	56,382	43,858
Other	—	—	11,964
Changes in operating assets and liabilities:			
Accounts receivable and unbilled receivables	(1,213,717)	(1,658,964)	(4,798,351)
Prepaid expenses and other assets	(1,437,777)	(863,713)	(801,221)
Accounts payable	1,284,742	(316,655)	(182,112)
Accrued expenses	4,228,119	(304,962)	432,225
Other liabilities	(2,084,343)	(281,876)	(102,032)
Deferred revenue	3,702,924	4,451,731	(2,833,077)
Net cash used in operating activities	(165,823)	(13,229,162)	(8,303,391)
Cash flows from investing activities:			
Capital expenditures	(231,979)	(1,385,082)	(723,475)
Addition of capitalized software development costs	(2,286,778)	(1,926,302)	(1,970,963)
Addition of intangible assets	(275,000)	(275,000)	—
Acquisition, net of cash acquired	—	(25,717,078)	—
Cash (paid) received for deposits	(118,993)	(21,989)	226,690
Decrease in restricted cash	113,094	112,815	56,409
Net cash used in investing activities	(2,799,656)	(29,212,636)	(2,411,339)
Cash flows from financing activities:			
Proceeds from revolving line of credit	20,250,000	5,000,000	—
Payments on revolving line of credit	(19,250,000)	—	(6,978,525)
Proceeds from term loan	—	20,000,000	—
Payments on term loan	(375,000)	(5,343,750)	—
Debt discount and financing costs	—	(188,743)	—
Repayments on capital lease obligations	(1,425,882)	(1,493,664)	(1,246,226)
Proceeds from the exercise of stock options	1,887,582	1,299,427	1,568,137
Taxes paid related to net share settlement	—	(22,494)	—
Proceeds from the exercise of common stock warrant	—	—	40,452
Proceeds from initial public offering, net	—	—	53,558,444
Net cash provided by financing activities	1,086,700	19,250,776	46,942,282
Effect of exchange rate on cash and cash equivalents	(567,611)	(196,655)	(133,087)
Net increase (decrease) in cash and cash equivalents	(2,446,390)	(23,387,677)	36,094,465
Cash and cash equivalents at beginning of period	17,854,523	41,242,200	5,147,735
Cash and cash equivalents at end of period	$15,408,133	$17,854,523	$41,242,200

Supplemental disclosures of cash flow information:			
Accretion of Series E Preferred Stock	$—	$—	$2,289,793
Accretion of Series A, B, C, D and E issuance costs	—	—	91,065
Accretion of puttable common stock	—	—	35,647
Cash paid for interest	790,338	858,007	275,074
Non-cash property and equipment acquired under capital lease	834,432	1,545,864	1,618,936
Non-cash property and equipment and intangible asset purchases in accounts payable	22,454	368,614	236,398
Non-cash conversion of Series A, B, C, D and E preferred stock	—	—	77,139,409
Non-cash acquisition contingent consideration	—	2,322,531	—

See accompanying notes to consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(1) Background

Amber Road, Inc. (we, our or us) is a leading provider of a cloud-based global trade management solution, including modules for logistics contract and rate management, supply chain visibility and event management, international trade compliance, Global Knowledge trade content database, supply chain collaboration with overseas factories and vendors, and duty management solutions to importers and exporters, nonvessel owning common carriers (resellers), and ocean carriers. Our solution is primarily delivered using an on-demand, cloud based, delivery model. We are incorporated in the state of Delaware and our corporate headquarters are located in East Rutherford, New Jersey. We also have offices in McLean, Virginia; Raleigh, North Carolina; Munich, Germany; Bangalore, India; Shenzhen and Shanghai, China; and Hong Kong.

(2) Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation and Principles of Consolidation

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and include our accounts and those of our wholly owned subsidiaries primarily located in India, China and the United Kingdom. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the carrying amount of intangibles and goodwill; valuation allowance for receivables and deferred income taxes; revenue; capitalization of software costs; and valuation of share-based payments. Actual results could differ from those estimates.

(c) Foreign Currency

We account for foreign currency in accordance with Accounting Standards Codification (ASC) Topic 830, Foreign Currency Matters (ASC 830), for operating subsidiaries where the functional currency is the local currency rather than the U.S. dollar. ASC 830 requires that translation of monetary assets and liabilities be made at year-end exchange rates, that nonmonetary assets and liabilities and related income statement items be translated at historical rates, and that remaining revenues and expenses be translated at average rates. Cumulative translation adjustments are reflected in the results of the current period. We recognize transaction gains and losses that result from changes in exchange rates on foreign transactions. Such gains and losses are also included in the determination of our net loss for the period.

(d) Cash and Cash Equivalents

We consider all highly liquid investments with original maturities of three months or less at the balance sheet date to be cash equivalents. Cash and cash equivalents at December 31, 2016 and 2015 consist of the following:

	December 31,	
	2016	2015
Cash and cash equivalents	$15,382,773	$17,741,387
Money market accounts	25,360	113,136
	$15,408,133	$17,854,523

(e) Fair Value of Financial Instruments and Fair Value Measurements

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses. Management believes that the carrying values of these instruments are representative of their fair value due to the relatively short-term nature of those instruments.

We follow FASB accounting guidance on fair value measurements for financial assets and liabilities measured on a recurring basis. ASC 820, Fair Value Measurements, among other things, defines fair value, establishes a framework for measuring fair value, and requires disclosure about such fair value measurements. Assets and liabilities measured at fair value are based on one or more of three valuation techniques provided for in the standards. The three value techniques are as follows:

Market Approach	— Prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities;

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Income Approach	— Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option pricing models); and
Cost Approach	— Amount that currently would be required to replace the service capacity of an asset (often referred to as replacement cost).

The standards clarify that fair value is an exit price, representing the amount that would be received to sell an asset, based on the highest and best use of the asset, or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for evaluating such assumptions, the standards establish a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities;

Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; or

Level 3 — Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions about what market participants would use in pricing the asset or liability.

The following tables provide the financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2016 and 2015:

	Fair Value Measurements at Reporting Date Using			
December 31, 2016	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents - money market accounts	$25,360	$25,360	$ —	$—
Restricted cash - money market accounts	56,141	56,141	—	—
Total assets measured at fair value on a recurring basis	$81,501	$81,501	$ —	$—
Liabilities:				
Acquisition contingent consideration liability	$1,290,000	$—	$ —	$1,290,000
Total liabilities measured at fair value on a recurring basis	$1,290,000	$—	$ —	$1,290,000
December 31, 2015				
Assets:				
Cash equivalents - money market accounts	$113,136	$113,136	$ —	$—
Restricted cash - money market accounts	169,235	169,235	—	—
Total assets measured at fair value on a recurring basis	$282,371	$282,371	$ —	$—
Liabilities:				
Acquisition contingent consideration liability	$1,259,531	$—	$ —	$1,259,531
Total liabilities measured at fair value on a recurring basis	$1,259,531	$—	$ —	$1,259,531

Acquisition contingent consideration liability is measured at fair value and is based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions we believe would be made by a market participant. The reconciliation of the acquisition contingent consideration liability measured at fair value on a recurring basis using unobservable inputs (Level 3) is as follows:

	Acquisition Contingent Consideration Liability
Balance at December 31, 2014	$287,441
Acquisition (Note 3)	2,322,531
Mark to estimated fair value recorded as general and administrative expense	(1,350,441)

Balance at December 31, 2015	1,259,531
Mark to estimated fair value recorded as general and administrative expense	30,469
Balance at December 31, 2016	$1,290,000

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AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(f) Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on historical write-off experience, the industry, and the economy. We review our allowance for doubtful accounts monthly. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. We do not have any off-balance-sheet credit exposure related to our customers. We record unbilled receivables for contracts on which revenue has been recognized, but for which the customer has not yet been billed. The table below presents the changes in the allowance for doubtful accounts:

	Year Ended December 31,		
	2016	2015	2014
Beginning balance	$153,543	$138,715	$91,709
Provision for doubtful accounts	509,454	80,571	47,006
Acquisition	—	3,047	—
Write-offs, net of recoveries	(252,437)	(68,790)	—
Ending balance	$410,560	$153,543	$138,715

(g) Major Customers and Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. We invest our excess cash with a large high-credit-quality financial institution. Our customer base is principally comprised of enterprise and mid-market companies within the global trade industry. We do not require collateral from our customers. As of December 31, 2016, and 2015, no single customer accounted for more than 10% of our accounts receivable. For the years ended December 31, 2016, and 2015, no single customer accounted for more than 10% of our revenue. For the year ended December 31, 2014, there were two customers that each accounted for 10% of our total revenue.

(h) Prepaid Expense and Other Current Assets

Prepaid expenses and other current assets as of December 31, 2016 and 2015 primarily consist of annual prepaid license and maintenance fees related to our internal software licenses, and prepaid marketing fees.

(i) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Equipment acquired under capital leases is recorded at the present value of the minimum lease payments and subsequently depreciated based on its classification below.

Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets as follows:

Asset Classification	Estimated Useful Life
Computer and equipment	3 to 5 years
Software	3 to 5 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of the estimated useful life or the remaining lease term

(j) Goodwill

Goodwill represents the excess of costs over the fair value of the assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually in accordance with the provisions of ASC 350, Intangibles — Goodwill and Other (ASC 350). To accomplish this, we are required to identify our reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the annual impairment testing date. Management has determined that we operate in one reporting unit.

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Management is required to determine the fair value of our reporting unit and compare it to the carrying amount of the reporting unit on the annual impairment testing date. To the extent the carrying amount of the reporting unit exceeds the fair value of the reporting unit, we would be required to perform the second step of the annual impairment test, as this is an indication that the reporting unit goodwill may be impaired. We performed our annual impairment test as of December 31, 2016, and the second step was not required as the fair value exceeded the carrying value. Accordingly, our reporting unit was not at risk of failing step one of the goodwill impairment testing process.

(k) Other Intangibles

Other intangibles, net of accumulated amortization, are primarily the result of the allocation of the purchase price related to businesses acquired. Each intangible asset acquired is being amortized on a basis consistent with the utilization of the assets over their estimated useful lives and is reviewed for impairment in accordance with ASC 350.

(l) Deposits and Other Assets

Deposits and other assets mainly consist of rental security deposits.

(m) Impairment of Long-Lived Assets

In accordance with ASC 350, Long-Lived Assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, then an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2016, 2015, and 2014, management believes that no revision of the remaining useful lives or write-down of long-lived assets is required.

(n) Income Taxes

Income taxes are accounted for under the provisions of ASC Topic 740, Income Taxes (ASC 740). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(o) Revenue

We primarily generate revenue from the sale of subscriptions and subscription-related professional services. In instances involving subscriptions, revenue is generated under customer contracts with multiple elements, which are comprised of (1) subscription fees that provide the customers with access to our on-demand application and content, unspecified solution and content upgrades, and customer support, (2) professional services associated with consulting services (primarily implementation services) and (3) transaction-related fees (including publishing services). Our initial customer contracts have contract terms from, typically, three to five years in length. Typically, the customer does not take possession of the software nor does the customer have the right to take possession of the software supporting the on-demand application service. However, in certain instances, we have customers that take possession of the software whereby the application is installed on the customer’s premises. Our subscription service arrangements typically may only be terminated for cause and do not contain refund provisions.

We provide our software as a service and follow the provisions of ASC Topic 605, Revenue Recognition (ASC 605) and ASC Topic 985, Software (ASC 985). We commence revenue recognition when all of the following conditions are met:

- There is persuasive evidence of an arrangement;
- The service has been or is being provided to the customer;
- The collection of the fees is probable; and

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AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- The amount of fees to be paid by the customer is fixed or determinable.

The subscription fees typically begin the first month following contract execution, whether or not we have completed the solution's implementation. In addition, typically, any services performed by us for our customers are not essential to the functionality of our products.

Subscription Revenue

Subscription revenue is recognized ratably over contract terms beginning on the commencement date of each contract, which is the date our service is made available to customers. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met. Transaction-related revenue is recognized as the transactions occur.

Professional Services Revenue

The majority of professional services contracts are on a time and material basis. When these services are not combined with subscription revenue as a single unit of accounting, as discussed below, this revenue is recognized as the services are rendered for time and material contracts, and when the milestones are achieved and accepted by the customer for fixed price contracts.

Multiple-Deliverable Arrangements

We enter into arrangements with multiple deliverables that generally include subscription, professional services (primarily implementation) as well as transaction-related fees.

We allocate revenue to each element in an arrangement based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence (VSOE), if available, third party evidence (TPE), if VSOE is not available, or estimated selling prices (ESP), if neither VSOE nor TPE is available. As we have been unable to establish VSOE or TPE for the elements of its arrangements, we establish the ESP for each element primarily by considering the weighted average of actual sales prices of professional services sold on a standalone basis and subscriptions including various add-on modules if and when sold together without professional services, and other factors such as gross margin objectives, pricing practice and growth strategy. We have established processes to determine ESP and allocate revenue in multiple arrangements using ESP.

For those contracts in which the customer accesses our software via an on-demand application, we account for these contracts in accordance with ASC 605-25, Revenue Recognition—Multiple- Element Arrangements. The majority of these agreements represent multiple-element arrangements, and we evaluate each element to determine whether it represents a separate unit of accounting. The consideration allocated to subscription is recognized as revenue ratably over the contract period. The consideration allocated to professional services is recognized as the services are performed, which is typically over the first three to six months of an arrangement.

For those contracts in which the customer takes possession of the software, we account for such transactions in accordance with ASC 985, Software. We account for these contracts as subscriptions and recognize the entire arrangement fee (subscription and services) ratably over the term of the agreement. In addition, as we do not have VSOE for services, any add-on services entered into during the term of the subscription are recognized over the remaining term of the agreement.

Other Revenue Items

Sales tax collected from customers and remitted to governmental authorities is accounted for on a net basis and, therefore, is not included in revenue and cost of revenue in the consolidated statements of operations. We classify customer reimbursements received for direct costs paid to third parties and related expenses as revenue, in accordance with ASC 605. The amounts included in professional services revenue and cost of professional services revenue for the years ended December 31, 2016, 2015, and 2014 were $585,174, $499,553, and $579,955, respectively.

(p) Cost of Revenue

Cost of subscription revenue. Cost of subscription revenue consists primarily of personnel and related costs of our hosting, support, and content teams, including salaries, benefits, bonuses, payroll taxes, stock-based compensation and allocated overhead, as well as software license fees, hosting costs, Internet connectivity, and depreciation expenses directly related to delivering solutions, as well as amortization of capitalized software development costs. As we add

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AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

data center capacity and personnel in advance of anticipated growth, our cost of subscription revenue may increase. Our cost of subscription revenue is generally expensed as the costs are incurred.

Cost of professional services revenue. Cost of professional services revenue consists primarily of personnel and related costs, including salaries, benefits, bonuses, payroll taxes, stock-based compensation, the costs of contracted third-party vendors, reimbursable expenses and allocated overhead. As our personnel are employed on a full-time basis, our cost of professional services is largely fixed in the short term, while our professional services revenue may fluctuate, leading to fluctuations in professional services gross profit. Cost of professional services revenue is generally expensed as costs are incurred.

(q) Deferred Commissions

We defer commission costs that are incremental and directly related to the acquisition of customer contracts. Commission costs are accrued and deferred upon execution of the sales contract by the customer. Payments to sales personnel are made shortly after the receipt of the related customer payment. Deferred commissions are amortized over the term of the related noncancelable customer contract and are recoverable through the related future revenue streams. Our commission costs deferred and amortized in the period are as follows:

	Year Ended December 31,		
	2016	**2015**	**2014**
Commission costs deferred	$6,436,699	$4,102,533	$3,939,722
Commission costs amortized	4,744,353	3,556,301	3,760,916

(r) Stock-Based Compensation

We recognize stock-based compensation as an expense in the consolidated financial statements and measure that cost based on the estimated grant-date fair value using the Black-Scholes option pricing model.

(s) Segments

We have one operating segment. Our Chief Operating Decision Maker (CODM) is our Chief Executive Officer, who manages operations on a consolidated basis for purposes of allocating resources. When evaluating performance and allocating resources, the CODM reviews financial information presented on a consolidated basis.

(t) Geographic Information

Revenue by geographic area is as follows:

	Year Ended December 31,		
Country	**2016**	**2015**	**2014**
United States	$57,586,112	$55,372,259	$55,817,733
International	15,575,078	11,737,661	9,015,733
Total revenue	$73,161,190	$67,109,920	$64,833,466

Long-lived assets by geographic area is as follows:

	December 31,	
Country	**2016**	**2015**
United States	$8,881,844	$10,658,129
International	1,096,411	1,521,980
Total long-lived assets	$9,978,255	$12,180,109

(u) Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which removes Step 2 of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit’s carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This ASU is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. The adoption of this standard is not expected to have a material effect on our consolidated financial statements.

AMBER ROAD, INC. AND SUBSIDIARIES
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In November 2016, the FASB issued ASU No. 2016-18, "Restricted Cash", which amends ASC 230, Statement of Cash Flows. This ASU requires that a statement of cash flows explain the change during the reporting period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. The effective date will be the first quarter of 2018, with early adoption permitted, and will be adopted using a retrospective transition approach. The adoption of this standard is not expected to have a material effect on our consolidated financial statements.
In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments", which amends ASC 230, Statement of Cash Flows. This ASU provides guidance on the statement of cash flows presentation of certain transactions where diversity in practice exists. The effective date will be the first quarter of 2018, with early adoption permitted. The adoption of this standard is not expected to have a material effect on our consolidated financial statements.
In March, 2016, the FASB issued ASU 2016-09, "Compensation-Improvements to Employee Share-Based Payment Accounting", which simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. This standard is effective for us in the first quarter of 2017. The adoption of this standard is not expected to have a material effect on our consolidated financial statements.
In February 2016, the FASB issued ASU No. 2016-02, "Leases", requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the income statement. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model. Lessors will continue to classify leases as operating, direct financing or sales-type leases. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition and requires application of the new guidance at the beginning of the earliest comparative period presented. This standard is effective for us beginning in the first quarter of fiscal 2019. We are currently evaluating the effect that the updated standard will have on our consolidated financial statements.
In April 2015, the FASB issued ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs". ASU 2015-03 requires an entity to record debt issuance costs as a direct deduction from the debt liability, rather than recording as a separate asset. The new standard is effective for annual reporting periods beginning after December 15, 2015. We implemented the provisions of ASU 2015-03 as of January 1, 2016. The application of this guidance decreased other assets and decreased current and long-term debt by $54,581 and $63,677, respectively, in the consolidated balance sheet at December 31, 2015, and decreased other assets and decreased current and long-term debt by $54,581 and $9,097, respectively, in the consolidated balance sheet at December 31, 2016.
In August 2014, FASB issued ASU 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. ASU 2014-15 provides guidance on determining when and how reporting entities must disclose going-concern uncertainties in their financial statements. The standard requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date of issuance of the entity’s financial statements (or within one year after the date on which the financial statements are available to be issued, when applicable). Further, an entity must provide certain disclosures if there is substantial doubt about the entity’s ability to continue as a going concern. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods thereafter. The adoption of this guidance did not have an impact on our consolidated financial statements.
In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers", requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it

becomes effective and permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date of the new revenue standard for periods beginning after December 15, 2016 to December 15, 2017, with early adoption permitted but not earlier than the original effective date. Accordingly, the updated standard is effective for us in the first quarter of 2018. While we are still evaluating the impact that this guidance will have on our consolidated financial statements, our preliminary assessment is that there could be an impact to the timing of revenue recognition as it relates to sales when customers takes possession of the software whereby it is installed on the customers premises. The guidance provides companies with alternative methods of adoption and we are in the process of determining our method of adoption, which depends in part upon the completion of our evaluation.

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(3) Acquisition

In March 2015, we acquired ecVision (International) Inc. (ecVision), a cloud-based provider of global sourcing and collaborative supply chain solutions for brand-focused companies. ecVision offers a cloud-based supply chain collaboration platform that optimizes product lifecycle and supply chain processes and their products help customers effectively manage their relationships with product suppliers, raw material vendors, product testing and social compliance audit firms, and global logistics companies. The acquisition of ecVision expands our suite of global supply chain capabilities, allowing us to offer more services at the starting point of the global supply chain and providing greater market differentiation.

The acquisition of ecVision was accounted for under the purchase method of accounting and its operating results are included in the accompanying consolidated financial statements from the date of acquisition.

As part of the purchase agreement, an earnout payment to ecVision's former equityholders of up to $5,176,000 was to be made on June 1, 2016 if certain GAAP revenue growth metrics were achieved from April 1, 2015 through March 31, 2016. These metrics were not achieved. Therefore, no earnout payment was made on June 1, 2016.

In addition, on June 1, 2017, we will pay to ecVision's former equityholders $3,675,000 as defined in the ecVision merger agreement. The contingent retention consideration is classified within current liabilities in the consolidated balance sheet and is being marked-to-market within general and administrative expense in the consolidated statement of operations each quarter through March 2017, which is the end of the retention period. At December 31, 2016, the fair value of the contingent retention consideration was $1,290,000.

The revenue and net loss of the combined entity as if the acquisition date had been January 1, 2015 are as follows:

Supplemental pro forma information (unaudited):	Year Ended December 31, 2015
Revenue	$69,060,082
Net loss	(29,514,360)

(4) Consolidated Balance Sheet Components

Components of property and equipment, accrued expenses, deferred revenue and other noncurrent liabilities consisted of the following:

(a) Property and Equipment

	December 31,	
	2016	2015
Computer software and equipment	$15,053,746	$15,584,883
Software development costs	14,938,090	12,651,316
Furniture and fixtures	1,959,854	2,140,523
Leasehold improvements	2,930,390	3,081,861
Total property and equipment	34,882,080	33,458,583
Less: accumulated depreciation and amortization	(24,903,825)	(21,278,474)
Total property and equipment, net	$9,978,255	$12,180,109

Depreciation and amortization expense for the years ended December 31, 2016, 2015, and 2014 were $5,068,786, $6,268,537, and $4,707,205, respectively.

Certain development costs of our software solution are capitalized in accordance with ASC Topic 350-40, Internal Use Software, which outlines the stages of computer software development and specifies when capitalization of costs is required. Projects that are determined to be in the development stage are capitalized and amortized over their useful lives of five years. Projects that are determined to be within the preliminary stage are expensed as incurred.

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Information related to capitalized software costs is as follows:

	Year Ended December 31,		
	2016	2015	2014
Software costs capitalized	$2,286,778	$1,926,302	$1,970,963
Software costs amortized (1)	1,970,150	2,789,481	1,924,121

(1) Included in cost of subscription revenue on the accompanying consolidated statements of operations.

	December 31,	
	2016	2015
Capitalized software costs not yet subject to amortization	$984,568	$290,155

(b) Accrued Expenses

Accrued expenses at December 31, 2016 and 2015 consisted of the following:

	December 31,	
	2016	2015
Accrued bonus	$2,717,625	$1,843,719
Accrued commission	4,188,006	2,989,495
Deferred rent	263,404	230,224
Accrued severance	10,923	293,828
Accrued professional fees	917,144	815,893
Accrued taxes	549,740	705,032
Accrued contingent consideration and acquisition compensation	3,647,475	29,000
Other accrued expenses	1,832,987	1,897,968
Total	$14,127,304	$8,805,159

(c) Deferred revenue

Deferred revenue at December 31, 2016 and 2015 consisted of the following:

	December 31,	
	2016	2015
Current:		
Subscription revenue	$32,833,795	$28,766,188
Professional services revenue	1,630,469	1,455,578
Other	—	310,638
Total current	34,464,264	30,532,404
Noncurrent:		
Subscription revenue	386,206	375,244
Professional services revenue	1,749,414	2,018,101
Total noncurrent	2,135,620	2,393,345
Total deferred revenue	$36,599,884	$32,925,749

Deferred revenue from subscriptions represents amounts collected from (or invoiced to) customers in advance of earning subscription revenue. Typically, we bill our annual subscription fees in advance of providing the service. Deferred revenue from professional services represents revenue that is being deferred and amortized over the remaining term of the related subscription contract related to customers who have taken possession of the software. See note 2(o).

AMBER ROAD, INC. AND SUBSIDIARIES
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(d) Other Noncurrent Liabilities

	December 31,	
	2016	2015
Deferred rent	$1,825,317	$1,732,607
Acquisition contingent consideration liability	—	1,230,531
Acquisition compensation costs	—	946,590
Total	$1,825,317	$3,909,728

(5) Goodwill and Other Intangibles

Other intangibles are comprised of the following:

	Amortization Period	December 31,	
		2016	2015
Acquired technology	3 to 8 years	$6,317,600	$6,317,600
Customer related intangibles	10 to 15 years	3,960,200	3,960,200
Contract backlog	2 years	940,400	940,400
Trademarks and licenses	5 to 7 years	1,193,700	1,193,700
Patents and other	2.3 years/NA	93,719	96,022
		12,505,619	12,507,922
Less: accumulated amortization		(6,356,799)	(4,834,261)
		$6,148,820	$7,673,661

Amortization expense was $1,521,557, $1,307,246, and $189,508 for the years ended December 31, 2016, 2015, and 2014, respectively. The estimated future amortization expense of other intangibles as of December 31, 2016 is as follows:

2017	$1,115,408
2018	1,037,972
2019	1,031,203
2020	929,606
2021	879,600
2022 and thereafter	1,115,031
	$6,108,820

The rollforward of goodwill is as follows:

Balance at December 31, 2014	$24,476,157
ecVision acquisition (Note 3)	19,437,028
Balance at December 31, 2015	43,913,185
2016 activity	(6,168)
Balance at December 31, 2016	$43,907,017

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(6) Income Taxes

Loss before income taxes and income tax expense is comprised of the following:

	Year Ended December 31,		
	2016	2015	2014
Loss before income taxes:			
Domestic	$(14,562,851)	$(21,560,050)	$(17,138,329)
Foreign	(3,568,153)	(6,250,399)	(10,013,010)
	$(18,131,004)	$(27,810,449)	$(27,151,339)
Current provision:			
Federal	$—	$60,773	$—
State	735	27,438	—
Foreign	594,987	372,394	552,619
	$595,722	$460,605	$552,619
Deferred provision:			
Federal	$—	$—	$—
State	—	—	—
Foreign	—	(192,380)	—
	$—	$(192,380)	$—

A reconciliation of the statutory U.S. federal tax rate to our effective rate is as follows:

	Year Ended December 31,		
	2016	2015	2014
Statutory U.S. federal tax rate (benefit)	(35.0)%	(35.0)%	(35.0)%
State income taxes, net of federal benefit	0.1	0.1	—
Foreign taxes	4.3	5.6	2.5
Stock-based compensation	(3.3)	0.1	22.0
Acquisition related expenses	—	1.6	—
Change in valuation allowance	37.5	22.9	7.1
Non-deductible expenses and other	(0.3)	5.7	5.5
Effective tax rate	3.3 %	1.0 %	2.1 %

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the financial statements or tax returns. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will not be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. We recorded a valuation allowance in the amount of $34,212,128 and $27,110,547 as of December 31, 2016 and 2015, respectively, as management believes it is more likely than not that we will not realize our deferred tax assets. The net change in the valuation allowance during the years ended December 31, 2016 and 2015 was $7,101,581, and $6,486,331, respectively.

We have subsidiaries in India, the United Kingdom, Switzerland, Hong Kong and China. The India entity is treated as a branch for U.S. tax purposes. As such, all income attributable to the Indian branch is currently recognized in the U.S. The India entity also pays taxes locally in India. As it relates to our United Kingdom and Switzerland subsidiaries, there are not any significant undistributed earnings due to the U.S. parent. Our China and Hong Kong entities are operating at a net loss. The foreign current taxes consist of taxes paid locally in the United Kingdom and India. The state current taxes consist of taxes paid for statutory minimum taxes as well as state taxes for a subsidiary.

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Deferred tax assets and liabilities are comprised of the following:

	December 31,	
	2016	2015
Current deferred tax asset:		
Accrued bonuses	$888,022	$604,707
Accounts receivable reserve	154,230	56,292
Other	350,887	183,004
Non-Current deferred tax asset:		
Deferred revenue	1,410,565	1,406,238
NOLs	33,611,543	29,157,843
Other	4,238,400	2,659,105
Deferred tax assets	$40,653,647	$34,067,189
Current deferred tax liability:		
Deferred commissions	$(3,119,841)	$(3,273,570)
Non-current deferred tax liability:		
Intangibles	(814,819)	(1,071,984)
Fixed assets	(2,481,104)	(2,585,024)
Other	$(25,755)	$(26,064)
Deferred tax liabilities	$(6,441,519)	$(6,956,642)
Less: valuation allowance	$(34,212,128)	$(27,110,547)
Total	$—	$—

We have a federal net operating loss (NOL) carryforward of approximately $82,134,000 and $73,533,000 as of December 31, 2016 and 2015, respectively. The federal NOL carryforward will begin to expire in 2019. If not used, these NOLs may be subject to limitation under Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under the regulations.

Under IRC section 382 of the Internal Revenue Code substantial changes in ownership may limit the amount of net operating loss carryforwards that may be utilized annually in the future to offset taxable income. We have completed an Internal Revenue Code section 382 study through June 30, 3016, which concluded that we have experienced several ownership changes, causing limitations on the annual use of the net operating loss carryforwards. Provided there is sufficient taxable income, approximately $2,131,290 of the net operating loss carry forwards are expected to expire without utilization. Additionally, our ability to use our net operating loss carryforwards to reduce future taxable income may be further limited as a result of any future equity transactions, including, but not limited to, an issuance of shares of stock or sales of common stock by our existing stockholders.

For state income tax purposes, we have net operating loss carryforwards in a number of jurisdictions in varying amounts and with varying expiration dates from 2016 through 2036.

Tax benefits of uncertain tax positions are recognized only if it is more likely than not that we will be able to sustain a position taken on an income tax return. We have no liability for uncertain positions. Interest and penalties, if any, related to unrecognized tax benefits, would be recognized as income tax expense.

We file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. Tax years 2013 and forward remain open for examination for federal tax purposes and tax years 2012 and forward remain open for examination for our more significant state tax jurisdictions. To the extent utilized in future years' tax returns, net operating loss carryforwards at December 31, 2016 will remain subject to examination until the respective tax year is closed. In July 2014, we were notified by the Internal Revenue Service that we had been selected at random for a compliance research examination related to the year ended December 31, 2012. In May 2016, they concluded their examination and the result of such examination was the adjustment of federal net operating loss carryforwards aggregating approximately $1,200,000.

(7) Leases

We have several noncancelable operating leases that expire through 2022. These leases generally contain renewal options for periods ranging from three to five years and require us to pay all executory costs such as maintenance and insurance.

AMBER ROAD, INC. AND SUBSIDIARIES
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Rental expense for operating leases for the years ended December 31, 2016, 2015, and 2014 was approximately $3,697,000, $3,564,000, and $2,526,000 respectively, and is allocated to various line items in the consolidated statements of operations.

The carrying value of assets recorded under capital leases was $2,159,850 and $2,862,025 as of December 31, 2016 and 2015, respectively, which includes accumulated amortization of $5,524,216 and $4,021,656, respectively. Amortization of assets held under capital leases is allocated to various line items in the consolidated statements of operations.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2016 are as follows:

	Capital Leases	Operating Leases
2017	$1,292,210	$4,200,060
2018	719,216	3,247,064
2019	490,240	3,256,493
2020	175,262	2,370,552
2021	6,843	1,779,098
2022 and thereafter	—	1,796,850
Total minimum lease payments	2,683,771	$16,650,117
Less amount representing interest	(251,107)	
Present value of net minimum capital lease payments	2,432,664	
Less current installments of obligations under capital leases	(1,155,964)	
Obligations under capital leases excluding current installments	$1,276,700	

(8) Debt

In connection with the ecVision acquisition (Note 3), in March 2015 we entered into a credit agreement providing for financing comprised of (i) a senior secured term loan facility (the Term Loan) of $20,000,000, and (ii) a senior secured revolving credit facility (the Revolver), that was amended in November 2015 to allow for a borrowing limit of $10,000,000, and includes a $2,000,000 sublimit for the issuance of letters of credit. The maturity date of the credit agreement is March 4, 2018. The credit agreement contains customary affirmative and negative covenants for financings of its type that are subject to customary exceptions. As of December 31, 2016, we were in compliance with all the reporting and financial covenants.

The outstanding balance for the Term Loan as of December 31, 2016 was $14,207,850, net of unaccreted discount and deferred financing costs of $73,400 and the outstanding balance under the Revolver was $6,000,000. For the period ended December 31, 2016, the weighted average interest rate used was 4.19% for the Term Loan and 5.02% for the Revolver.

The following table reflects the schedule of principal payments for the Term Loan as of December 31, 2016:

	Principal Payments
2017	$656,250
2018	13,625,000
	$14,281,250

(9) Stockholders' Equity

Common Stock

In accordance with our Certificate of Incorporation, as amended and restated, we are authorized to issue 100,000,000 shares of $0.001 par value common stock. Each outstanding share of common stock entitles the holder to one vote.

The holders of common stock are entitled to receive dividends, subject to preferential rights by holders of our preferred stock and if declared by our board of directors. As of December 31, 2016, no dividends have been declared.

Preferred Stock

In accordance with our Certificate of Incorporation, as amended and restated, we are authorized to issue 10,000,000 shares of $0.001 par value preferred stock, which may be issued in one or more series. At December 31, 2016, there are no shares of preferred stock issued.

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(10) Stock-based Compensation

Our 2012 Omnibus Incentive Compensation Plan (the 2012 Plan) allows us to grant common stock options, restricted stock units (RSUs), including performance-based restricted stock units (PSUs), and restricted stock awards to our employees (including officers), non-employee consultants and non-employee directors and those of our affiliates. As of December 31, 2016, we had authorized 5,146,696 awards to be issued under the 2012 Plan, had 3,518,036 options outstanding, and 880,213 RSUs outstanding, of which 280,247 were PSUs.

Under our 2002 stock option plan (the 2002 Plan), we had 4,939,270 shares authorized and 338,795 options outstanding as of December 31, 2016. The 2002 Plan expired in 2012 and we are no longer making grants under it.

Stock Options

The fair value of option grants is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2016	2015	2014
Risk-free interest rate	1.29%	1.71 - 1.75%	1.90 - 1.99%
Expected volatility	33.62%	33.62 - 39.32%	43.29 - 60.00%
Expected dividend yield	—	—	—
Expected life in years	6.25	6.25	6.25
Weighted average fair value of options granted	$1.32	$3.28	$6.01

The computation of expected volatility for each period is based on historical volatility of comparable public companies. The volatility percentage represents the mean volatility of these companies. The computation of expected life for each period was determined based on the simplified method. The risk-free interest rate is based on U.S. Treasury yields for zero-coupon bonds with a term consistent with the expected life of the options.

Information relative to the 2002 Plan and the 2012 Plan is as follows:

	Options Outstanding	Exercise Price Per Share	Weighted Average Exercise Price
Balance at December 31, 2013	2,890,363	$0.37 - $6.14	$3.11
Granted	2,485,592	$12.62 - $15.90	13.49
Exercised	(767,593)	$0.37 - $5.57	2.04
Canceled	(158,389)	$1.75 - $13.00	5.70
Balance at December 31, 2014	4,449,973	$0.84 - $15.90	9.00
Granted	1,028,850	$4.13 - $9.06	8.05
Exercised	(462,703)	$0.84 - $6.14	2.81
Canceled	(490,113)	$2.31 - $13.00	9.84
Expired	(123,064)	$5.57 - $13.00	7.56
Balance at December 31, 2015	4,402,943	$1.75 - $15.90	9.38
Granted	248,728	$3.74	3.74
Exercised	(646,639)	$1.75 - $8.08	2.92
Canceled	(85,287)	$3.74 - $13.00	9.04
Expired	(62,914)	$1.75 - $13.00	5.77
Balance at December 31, 2016	3,856,831	$2.31 - $15.90	9.99

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	December 31,	
	2016	2015
Total intrinsic value of options exercised	$3,933,518	$2,698,984
Weighted average exercise price of fully vested options	$9.99	$6.98
Weighted average remaining term of fully vested options	7.4 years	5.7 years
Equity awards available for future grant under the 2012 Plan	266,974	978,983
Total unrecognized compensation cost related to non-vested stock options	$6,868,787	$11,268,573
Weighted average period to recognize compensation cost related to non-vested stock options	1.7 years	2.7 years

Information with respect to the options outstanding and exercisable under the 2002 Plan and the 2012 Plan at December 31, 2016 is as follows:

	Options Outstanding			Options Exercisable		
Exercise Price Per Share	Options Outstanding	Weighted Average Remaining Contractual Life	Intrinsic Value	Options Exercisable	Weighted Average Remaining Contractual Life	Intrinsic Value
$2.31 -$ 3.74	603,227	6.4 years	$3,737,317	361,430	4.6 years	$2,437,271
$4.06 -$ 6.14	244,698	6.8 years	842,502	184,884	6.5 years	601,033
$8.07 -$12.62	886,448	7.8 years	801,590	420,779	7.4 years	366,410
$13.00-$15.90	2,122,458	7.6 years	—	1,193,865	7.6 years	—
	3,856,831		$5,381,409	2,160,958		$3,404,714

Restricted Stock Units

Information related to RSUs at December 31, 2016 is as follows:

	Number of RSU's Outstanding	Weighted Average Grant Date Fair Value
Balance at December 31, 2013	—	$—
Granted	109,309	15.27
Balance at December 31, 2014	109,309	15.27
Granted	463,852	8.13
Vested	(140,638)	13.89
Canceled	(40,001)	8.08
Balance at December 31, 2015	392,522	8.07
Granted	666,018	3.91
Vested	(83,377)	8.11
Canceled	(94,950)	5.44
Balance at December 31, 2016	880,213	5.20

	December 31, 2016
Weighted-average grant date fair value of unvested RSUs	$5.20
Total unrecognized compensation cost related to non-vested RSUs	$1,462,555
Weighted average period to recognize compensation cost related to non-vested	3.0 years

RSUs

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(11) Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders:

	Year Ended December 31,		
	2016	2015	2014
Basic and diluted net loss per share:			
Numerator:			
Net loss attributable to common stockholders	$(18,726,726)	$(28,078,674)	$(30,120,463)
Denominator:			
Weighted average shares used in computing net loss attributable to common stockholders	26,718,882	26,152,301	20,623,760
Basic and diluted net loss per share	$(0.70)	$(1.07)	$(1.46)

Diluted net loss per share does not include the effect of the following antidilutive common equivalent shares:

	Year Ended December 31,		
	2016	2015	2014
Stock options outstanding	3,856,831	4,402,943	4,449,973
Restricted stock units	880,213	392,522	109,309
	4,737,044	4,795,465	4,559,282

(12) Commitments and Contingencies

(a) Employment Agreements

On May 5, 2016, we entered into an employment agreement with our Chief Executive Officer and President, James W. Preuninger, which replaced his prior employment agreement dated March 3, 2014 that had expired on March 3, 2016. The May 5, 2016 employment agreement is identical to the March 3, 2014 employment agreement in all respects, with the following exceptions, (i) a term of employment through December 31, 2018 with successive two-year extensions unless either party provides written notice of non-renewal at least six months before the end of the then-current term of employment, (ii) a base salary adjustment to reflect a prior 2015 increase, (iii) inclusion of non-renewal by us as an event upon which specified compensation (including certain equity vesting) would be owed to Mr. Preuninger, similar to termination by the Company without cause or termination by Mr. Preuninger with good reason, (iv) new provisions addressing recoupment and claw-back, and (v) modification to the Confidential Information, Assignment of Rights, Non-Solicitation and Non-Competition Agreement between the Company and Mr. Preuninger (Exhibit B to the employment agreement) to increase the timeframe for non-solicitation and non-competition, upon expiration or termination, from twelve months to twenty-four months.

(b) Legal Proceedings

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our financial position, results of operations, or liquidity.

(c) Other

Under the indemnification clauses of our standard customer agreements, we guarantee to defend and indemnify the customer against any claim based upon any failure to satisfy the warranty set forth in the contract associated with infringements of any patent, copyright, trade secret, or other intellectual property right. We do not expect to incur any infringement liability as a result of the customer indemnification clauses.

(13) Benefit Plan

We have a retirement savings plan under Section 401(k) of the Internal Revenue Code (the 401(k) Plan). We did not make any matching contributions to the 401(k) Plan during the years ended December 31, 2016, 2015, and 2014.

AMBER ROAD, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Quarterly Results of Operations (unaudited)

The following is a summary of our quarterly results of operations for the years ended December 31, 2016 and 2015:

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Revenues	$16,964,672	$18,138,940	$18,850,801	$19,206,777
Gross profit	7,947,096	9,106,224	10,040,282	10,331,187
Net loss	(5,686,183)	(4,740,385)	(3,791,250)	(4,508,908)
Net loss per share—basic and diluted	$(0.22)	$(0.18)	$(0.14)	$(0.17)

	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Revenues	$15,194,125	$17,377,396	$17,336,187	$17,202,212
Gross profit	6,989,367	7,709,585	7,795,506	7,721,422
Net loss	(6,950,176)	(8,218,450)	(6,262,993)	(6,647,055)
Net loss per share—basic and diluted	$(0.27)	$(0.32)	$(0.24)	$(0.25)

(15) Subsequent Events

On February 15, 2017, we entered into Amendment No. 2 (“Amendment”) to the March 4, 2015 Credit Agreement (see Note 8). The Amendment revised language in the Credit Agreement to include changes to the applicable margins with respect to Eurodollar and Base Rate loans, increased the available borrowing under the Revolving Credit Facility from $10,000,000 to $15,000,000, and extended the maturity date for both the Revolving Credit Facility and the Term Loan to December 31, 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1)Financial Statements:

Our consolidated financial statements and the Report of Independent Registered Public Accounting Firm are included herein as part of Item 8. Financial Statements and Supplementary Data above.

(2)The following listed documents are filed as Exhibits to this report:

Exhibit Number	Exhibit Description
23.1*	Consent of KPMG LLP, independent registered public accounting firm.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350.
101.INS**	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH**	XBRL Taxonomy Extension Schema Linkbase Document.
101.CAL**	XBRL Taxonomy Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Label Linkbase Document.
101.PRE**	XBRL Taxonomy Presentation Linkbase Document.

* Filed herewith
** Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

		AMBER ROAD, INC.
Date: March 15, 2017	By:	/s/ JAMES W. PREUNINGER
		James W. Preuninger
		Chief Executive Officer and Director
		(Principal Executive Officer)

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