VEEVA SYSTEMS INC
Form 10-K
March 30, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For transition period from to

Commission File Number 001-36121

Veeva Systems Inc.

(Exact name of Registrant as specified in its charter)

Delaware	20-8235463
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4280 Hacienda Drive

Pleasanton, California 94588

(Address of principal executive offices)

(925) 452-6500

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Class A Common Stock, par value $0.00001	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:

None

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

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

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 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 No

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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
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 Exchange Act). Yes No

The aggregate market value of voting stock held by non-affiliates of the Registrant on the last business day of the Registrant's most recently completed second fiscal quarter, which was July 31, 2016, based on the closing price of $37.99 for shares of the Registrant's Class A common stock as reported by the New York Stock Exchange, was approximately $4.3 billion. Shares of Class A common stock or Class B common stock held by each executive officer, director, and their affiliated holders have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 17, 2017, there were 106,623,787 shares of the Registrant's Class A common stock outstanding and 32,077,230 shares of the Registrant's Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2017 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. The proxy statement will be filed by the Registrant with the Securities and Exchange Commission within 120 days after the end of the Registrant's fiscal year ended January 31, 2017.

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Pursuant to Part IV, Item 16, a summary of Form 10-K content follows, including hyperlinked cross-references (in the EDGAR filing). This allows users to easily locate the corresponding items in this annual report on Form 10-K, where the disclosure is fully presented. The summary does not include certain Part III information that will be incorporated by reference from the Proxy Statement for the 2017 Annual Meeting of Stockholders, which will be filed within 120 days after our fiscal year ended January 31, 2017.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements that are based on our beliefs and assumptions and on information currently available to us. Forward-looking statements include information concerning our possible or assumed future results of operations and expenses, business strategies and plans, trends, market sizing, competitive position, industry environment, potential growth opportunities and product capabilities, among other things. Forward-looking statements include all statements that are not historical facts and, in some cases, can be identified by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “pro “should,” “will,” “would” or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including those described in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this annual report on Form 10-K. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Any forward-looking statement made by us in this annual report on Form 10-K speaks only as of the date on which it is made. Except as required by law, we disclaim any obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

As used in this annual report on Form 10-K, the terms “Veeva,” “Registrant,” “we,” “us,” and “our” mean Veeva Systems Inc. and its subsidiaries unless the context indicates otherwise.

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ITEM 1. BUSINESS

Overview

Veeva is a leading provider of industry cloud solutions for the global life sciences industry. We were founded in 2007 on the premise that industry-specific cloud solutions could best address the operating challenges and regulatory requirements of the life sciences industry. Our products are designed to meet the unique needs of life sciences companies for their most strategic business functions—from research and development to commercialization. Our products are designed to help life sciences companies bring products to market faster and more efficiently, market and sell more effectively, and maintain compliance with government regulations.

Veeva's industry cloud solutions provide data, software, and services that address a broad range of needs, including multichannel customer relationship management, content management, master data management, and customer data. Our purpose-built solutions help life sciences companies streamline critical operations and business processes. Specifically, our commercial solutions enable life sciences companies to market and sell their products more effectively to healthcare professionals and healthcare organizations across multiple communication channels, including in-person and digital, while maintaining regulatory compliance. Our research and development solutions largely focus on the clinical, quality and regulatory functions of life sciences companies to help improve the management and pace of new product development while maintaining regulatory compliance.

Because of our enterprise technology expertise and industry focus, we gain a unique, in-depth perspective into the needs and best practices of life sciences companies, which allows us to develop targeted new solutions and incorporate highly relevant enhancements into our existing solutions. We currently provide three major releases of our software solutions per year that are included in our subscription and not subject to an additional fee. Our rapid pace of innovation ensures customers have the most current version of software and innovative capabilities to meet their pressing business processes and requirements.

Our cloud-based approach promotes greater operational efficiency for our customers by removing fragmented information technology systems and enabling the processes associated with mission-critical functions to be streamlined and modernized. We also help customers improve access to information across a broad ecosystem of internal and external stakeholders, including outsourcing partners.

Customer success is a core value, and our focus on it has allowed us to deepen and expand our strategic relationships with customers regardless of size. Our industry cloud approach and multitenant architecture also allow our solutions to adapt more quickly to the market and regulatory changes that are most significant to our customers. We believe we are fast becoming a highly strategic provider to the life sciences industry, marked by a growing customer base that utilizes an increasing number of our solutions.

The success of life sciences customers with Veeva solutions has attracted potential new customers in other regulated industries with similar needs. Veeva is now extending its solutions to adjacent industries in North America and Europe, including manufacturing, both process and discrete, and highly regulated services of all types. Our solutions help companies manage critical regulated processes and content efficiently to meet compliance requirements and enable secure collaboration across internal and external stakeholders.

Our Industry Cloud Solutions for Life Sciences

Our solutions for the life sciences industry focus on two key activities of life sciences companies: sales and marketing and research and development. Veeva Commercial Cloud is a suite of multichannel customer relationship

management applications, master data management applications, territory allocation and alignment applications and customer reference and key opinion leader data and services. Veeva Vault is our enterprise content management platform and suite of applications for managing both commercial content and research and development content and data, including content and data from the clinical, regulatory and quality functions of life sciences companies.

Veeva Commercial Cloud

Veeva Commercial Cloud helps companies market and sell their products more effectively. The foundation of Veeva Commercial Cloud is our patented multichannel customer relationship management applications, which allow pharmaceutical and biotechnology companies to target and support sales and marketing to physicians, other healthcare professionals and healthcare organizations across multiple touch points, including in-person, email and online. To support the life sciences industry's unique commercial business processes and regulatory compliance requirements, we provide applications with highly specialized functionality, such as prescription drug sample management with electronic signature capture, the management of complex affiliations between physicians and the organizations where they work, compliant email and the capture of medical inquiries from physicians. In order to deliver the best possible functionality and user experience and to enable offline use of our applications, we have designed and built applications for each mobile device platform we support, including Apple iPads, Windows mobile devices, Windows-based laptops and tablet PCs.

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Our multichannel customer relationship management applications as part of Veeva Commercial Cloud include:

- Veeva CRM and Veeva Medical CRM enables customer-facing employees, such as pharmaceutical sales representatives, key account managers, and scientific liaisons to manage, track, and optimize interactions with healthcare professionals utilizing a single, integrated solution. As part of Veeva CRM, Veeva CRM Suggestions leverages the power of data science to recommend the next best actions to take with a given customer and the best channel for the recommended action through a dashboard for sales representatives.
- Veeva CLM provides closed-loop marketing capabilities for use in in-person interactions with physicians. Veeva CLM allows customers to replace paper-based materials with interactive electronic marketing presentations while controlling the storage, distribution, presentation, and tracking of promotional materials. In addition, through native integration with Veeva Vault, Veeva CLM helps customers ensure that only the latest approved presentations are delivered to physicians, helping to maintain regulatory compliance.
- Veeva CRM Approved Email provides for the management, delivery, and tracking of regulatory compliant email communication between sales representatives and their customers. Veeva CRM Approved Email includes capabilities to ensure compliant communications, such as managing physician email opt-in and opt-out. In addition, through native integration with Veeva Vault, Veeva CRM Approved Email helps customers ensure that only the latest approved email templates and documents can be delivered to physicians, helping to ensure regulatory compliance.
- Veeva CRM Engage family of applications delivers the ability to interact with physicians online for meetings and webinars and provides closed-loop marketing capabilities for self-directed interactions via the web.
- Veeva CRM Engage Meeting enables customer-facing employees to easily conduct compliant online meetings with healthcare professionals. Through Veeva CRM, Veeva CRM Engage Meeting allows reuse of approved closed-loop marketing content. Veeva CRM Engage Meeting allows for a common industry platform for online meetings. Leveraging a single solution to communicate with life sciences companies greatly simplifies accessibility for healthcare professionals, improving their experience and opening a new avenue for digital interaction.
- Veeva CRM Engage Webinar enables healthcare professionals to attend events via the web in a compliant way. Veeva CRM Engage Webinar is part of the multichannel Veeva CRM family, enabling full customer view across all channels. The solution is built to work with Veeva CRM Events Management for physical events, enabling better visibility and management of all event types. Native integration with Veeva Vault for content management means that only the latest, approved content is used. We expect Veeva CRM Engage Webinar to be available during our fiscal year ending January 31, 2018.
- Veeva CRM Engage for Portals provides closed-loop marketing capabilities for self-directed customer interactions via the web. Through native integration with Veeva Vault, Veeva CRM Engage ensures only the latest, approved materials are delivered to physicians, helping to improve regulatory compliance.
- Veeva CRM Events Management enables the planning, management and execution of group meetings with healthcare professionals, and helps life sciences companies track and manage spending in order to meet transparency reporting requirements.
- Veeva Align enables life sciences companies to manage the allocation and alignment of sales and marketing resources to customers across all communication channels and define multichannel plans of action. Through native integration with Veeva CRM, Veeva Align allows the storage of historical and future alignments for incentive compensation calculations and automatically updates the active alignment of the field in Veeva CRM.

We offer cloud-based solutions for customer master data to help life sciences companies create and maintain complete and accurate master records for individual healthcare professionals and healthcare organizations and for product master data to help life sciences companies create complete and accurate product master records. Our patented master data management solutions as part of Veeva Commercial Cloud include:

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Veeva Network Customer Master is an industry-specific, cloud-based customer master software solution that de-duplicates, standardizes and cleanses healthcare professional and organization data from multiple systems and data sources to arrive at a single, consolidated customer master record. Veeva Network Customer Master comes pre-configured with a data model that is specific to life sciences and supports global harmonization as well as country, market and regional data specifications within a single system. Veeva Network Customer Master also includes an intuitive user interface, powerful free text search and filtering capabilities and the ability to track and measure data quality and operating efficiency through key performance indicators. It can be used seamlessly with Veeva OpenData to simplify the process of data delivery to customers and provide bi-directional integration of requests for data enrichment. Additionally,

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Veeva Network Customer Master can be operated in what we refer to as private mode when proprietary data from third party data providers is uploaded to the Veeva Network Customer Master solution. In private mode, the bi-directional integration between Veeva Network Customer Master and Veeva OpenData is disabled. Veeva Network Customer Master is fully integrated with Veeva CRM in order to make the most up-to-date healthcare professional and healthcare organization data available to sales and marketing users.

- Veeva Network Product Master de-duplicates, standardizes and cleanses life sciences product data from multiple systems and data sources to arrive at a single, consolidated product master record for enterprise use. With Veeva Network Product Master, brand management teams can easily create product definitions, groupings and hierarchies, helping them to ensure an accurate representation of the parent brand, local trade names, and approved indications in every market. Veeva Network Product Master delivers relevant product data, for consistent worldwide branding, more coordinated product launches, clearer enterprise visibility, and easier compliance reporting. Veeva Network Product Master replaces legacy master data management systems and toolkits with a business application that is purpose-built for life sciences companies. Because it is part of Veeva Network, Veeva Network Product Master enables life sciences companies to see the relationships between healthcare professionals and products for more effective account coverage.

Our customer and key opinion leader, or KOL, data solutions and services deliver reliable customer reference and KOL data for life sciences companies enabling customer engagement and compliance and providing a single, global source of stakeholder information for better identification and engagement. Our data solutions and services as part of Veeva Commercial Cloud include:

- Veeva OpenData provides healthcare professional and healthcare organization reference data that includes demographic information, license information and status, specialty information, affiliations, and other key data such as digital profiles crucial to customer engagement and compliance. Veeva OpenData Customer Data replaces the need for a number of disparate external data feeds and is continuously updated from government and other authoritative industry sources. We maintain data quality and completeness through rigorous, automated, and steward-led verification. As of March 2017, Veeva OpenData Customer Data is available in 39 countries, and we plan to make it available in additional countries in the future.
- Veeva OpenData Data Services further reduce the cost and complexity of managing healthcare professional and healthcare organization reference data by providing fast, responsive maintenance services. Instead of maintaining dedicated in-house data stewards to verify internal updates to data, Veeva OpenData Data Services manages these processes on behalf of our customers, including data quality consulting and enhancements and ongoing maintenance services.
- Veeva OpenData Email provides email data to help improve outreach to healthcare professionals through digital channels. Veeva OpenData Email Services delivers a single source of healthcare professional email addresses that are continuously updated with data from trusted industry sources and verified by data stewards.
- Veeva KOL Data and Services provide deep profile information for important healthcare professionals and other stakeholders, gleaned from their conference presentations, published research, clinical trials, grants, articles, and social media activity. It also maps their affiliations as well as social media and relationship networks.

Veeva Vault

Veeva Vault is a cloud-based enterprise content management platform and unified suite of applications for customers across commercial functions, including medical, sales, and marketing, and key research and development functions, including clinical, regulatory, and quality. Veeva Vault consists of 13 business applications and our proprietary Veeva Vault Platform.

Veeva Vault includes unified suites of content-centric applications and data-centric applications on a single cloud platform to help customers eliminate internal system silos and streamline end-to-end business processes. Veeva Vault

can be deployed as an integrated solution across multiple applications, enabling our customers to manage all their important documents and related data in a single, global system.

In addition, the Veeva Vault Platform offers key functionality across all the Veeva Vault applications, such as searching, content viewing and annotation, comprehensive workflow and approvals, electronic signatures, reporting, and open application programming interfaces to allow for integration with other systems. The Veeva Vault Platform also includes a configuration toolset that allows customers to create their own Veeva Vault applications.

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Veeva Vault applications each include a unique data model, deep functionality, and pre-defined workflows required to support very specific industry processes. The Veeva Vault Platform was built with the rigorous content and information management requirements of the life sciences industry in mind, including comprehensive audit trail capabilities that record actions and updates enabling customers to manage their highly regulated content and data in a compliant manner.

Veeva Vault Clinical is the first cloud suite of clinical applications to unify clinical data management and clinical operations. Veeva Vault RIM improves regulatory business operations and compliance by providing a single authoritative source spanning submission documents, published dossiers, health authority interactions, and product registrations. With Veeva Vault Quality, life sciences can seamlessly manage quality processes and content in a single unified solution for greater visibility and control. Veeva Vault applications can be purchased separately or as unified suites of applications.

The Veeva Vault applications primarily used by research and development departments of life sciences companies include:

Veeva Vault Clinical

- Veeva Vault eTMF is an electronic trial master file application that manages the repository of important documents for active and archived clinical trials for improved inspection readiness, visibility, and control. Vault eTMF enables collaboration between the life sciences company sponsoring the trial and outsourced partners, such as contract research organizations. All clinical trial documents are organized in Vault eTMF according to industry accepted guidelines in order to speed the transition from clinical trials to submission for regulatory approval.
- Veeva Vault Study Startup enables life sciences companies to more efficiently manage the process of activating investigator sites for clinical trials, accelerating time to first patient enrollment and automating complicated processes while helping to maintain compliance with regulatory requirements and connectivity with Vault eTMF. Veeva Vault Study Startup allows sites, trial sponsors, and contract research organizations to access the same critical operational information, simplifying collaboration, and increasing efficiency.
- Veeva Vault CTMS is a clinical trial management application that unifies information and documentation for a single source of truth across clinical operations. With Vault CTMS, trial sponsors, contract research organizations, and investigators can have one source for clinical master data with a single system of record for study, study country, and study site information. Life sciences companies can utilize Vault CTMS to help reduce complexity, increase transparency, and speed time to market. We expect Vault CTMS to be available during the first quarter of our fiscal year ending January 31, 2018.
- Veeva Vault EDC is intended to help reduce the cost and complexity of clinical trials. Our unique approach to addressing the entire data ecosystem enables each contributor and consumer to see their role enhanced and simplified through the use of guided intelligence and thoughtful process design. This innovative and integrated approach to clinical data management is designed to improve data speed and quality. We expect Vault EDC to be available in the first half of our fiscal year ending January 31, 2018.
- Veeva Vault eSource allows life sciences companies to transform site data collection and management for immediate data quality eliminating wasted time and cost by electronically capturing data at the source. Vault eSource delivers real-time site collaboration across sites, trial sponsors, and contract research organizations. Our differentiated approach to deliver Vault eSource and Vault EDC on the same platform eliminates multiple steps, including data transcription and source data verification. We expect Vault eSource to be available within the next year.

Veeva Vault RIM

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Veeva Vault Registrations enables life sciences companies to manage, track and report product and registration information worldwide, including registration status, variations, health authority questions and commitments and certification requests. With a single, global solution companies can streamline registration management and increase the speed of responses to health authorities.

- Veeva Vault Submissions helps life sciences companies gather and organize all the documents and other content that should be included in a regulatory submission to a healthcare authority, such as the FDA. Vault Submissions organizes all content according to industry accepted guidelines, which helps to speed the time to regulatory submission by providing a single place for all researchers, contract research organizations, and other collaboration partners to prepare and manage the entire content life cycle.

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- Veeva Vault Submissions Archive is an authoritative source for submissions and correspondence that stores published submissions in a secure, globally accessible repository. Easy access and full visibility to submissions and correspondence, worldwide helps to enable faster, more accurate responses to health authorities.
- Veeva Vault Submissions Publishing provides an integrated solution for dossier publishing that helps speed the preparation and processing time of regulatory submissions. Vault Submissions Publishing incorporates publishing capabilities within the Vault RIM suite. Users can cross-document hyperlink during initial authoring rather than waiting for late-stage submission finalization. Our continuous publishing process performs validations and link-testing behind-the-scenes enabling users to identify issues earlier when they are easier to fix. By unifying the end-to-end process, publishing within the Vault RIM Suite offers greater automation, transparency, and speed. We expect Vault Submissions Publishing to be available within the next year.

Veeva Vault Quality

- Veeva Vault QualityDocs enables the creation, review, approval, distribution and management of controlled documents, such as standard operating procedures, or SOPs, manufacturing recipes, and specifications. All life sciences companies that are developing or selling regulated products must have a quality management system in place. Vault QualityDocs provides the document control and management system needed to manage these processes and enable greater compliance, quality, and operational efficiency.
- Veeva Vault QMS is a cloud-based quality management solution that provides best practice processes for deviations, internal and external audits, complaints, lab investigations, change controls, corrective and preventative actions, and proactive management initiatives. With a modern consumer web interface, Vault QMS is intuitive, easy to use, and helps to drive higher adoption with minimal ongoing support.

The Veeva Vault applications primarily used by the commercial and medical departments of life sciences companies include:

- Veeva Vault PromoMats enables life sciences companies to manage the end-to-end process for creation, approval, distribution, expiration, and withdrawal of commercial content across the full digital supply chain. Powerful capabilities such as review and approval, claims tracking, multichannel content distribution, and withdrawal and integrated digital asset management capabilities provide an enterprise, global repository for storing, tagging, searching, and sharing approved digital assets.
- Veeva Vault MedComms provides life sciences companies with a single, validated source of medical content across multiple channels and geographies. Medical content is used by life sciences companies for verbal and written communications with healthcare professionals and patients, including approved answers to questions received through a call center or company website. Vault MedComms helps speed the creation, approval, and delivery of medical content for more accurate scientific communications, better visibility, and traceability of medical content and faster response time to medical inquiries.

Solutions for Regulated Industries

Veeva is now bringing the benefits of Veeva Vault to a new set of customers in process and discrete manufacturing and highly regulated services industries. Veeva Vault was originally built from the ground up as a multitenant cloud application to meet some of the most demanding business and compliance requirements of life sciences companies. We have found that the ability to meet these requirements translates smoothly into many other highly regulated industries.

Veeva is focusing on the quality applications market as its initial entry point with Veeva Vault QualityOne. Veeva Vault QualityOne is a unified, cloud solution that offers a global quality management system and document management system in a single application. Veeva Vault QualityOne simplifies the coordination, tracking, and conformance of the end-to quality process by transparently connecting the entire quality ecosystem. The solution

provides a regulatory and compliance platform for customers to quickly adapt to new regulations.

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Professional Services and Support

In addition to cloud-based solutions that meet the specific needs of our life sciences customers, we also offer professional services to help customers maximize the value they get from those solutions. The people on these teams have a combination of life sciences industry expertise, project management skills and deep technical acumen that we believe our customers highly value. Our professional services are offered directly to customers or through our systems integrator partners. Our professional services teams work together with our systems integrator partners to deliver projects. We offer professional services in the following areas:

- implementation and deployment planning and project management;
- requirements analysis, solution design and configuration;
- systems environment management and deployment services;
- services focused on advancing or transforming business and operating processes related to Veeva solutions;
- technical consulting services related to data migration and systems integrations;
- training on our solutions; and
- ongoing managed services, such as outsourced systems administration.

Our professional services teams are organized by specific expertise so that they can provide advice and support for best industry practices in the research and development and commercial departments of our customers.

Our global systems integrator partners also deliver implementation and selected support services to customers who wish to utilize them. Our customers include Accenture, Cognizant Technology Solutions, Deloitte Consulting and other life sciences specialty firms.

Our Customers

As of January 31, 2017, we served 517 customers. For an explanation of how we define current customers, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Components of Results of Operations.” We deliver solutions to companies throughout the life sciences industry, including pharmaceuticals, biotechnology, medical products, contract sales organizations, and contract research organizations. Our customers range from the largest global pharmaceutical companies such as Bayer AG, Boehringer Ingelheim GmbH, Eli Lilly and Company, Gilead Sciences, Inc., Merck & Co., Inc., and Novartis International AG, to smaller pharmaceutical and biotechnology companies including Alkermes plc, Grupo Ferrer Internacional S.A., Ironwood Pharmaceuticals, Inc. and LEO Pharma A/S. For our fiscal years ended January 31, 2015, 2016, and 2017, we did not have any single customer that represented more than 10% of our total revenues. For a summary of our financial information by geographic location, see note 14 of the notes to our consolidated financial statements.

Our Culture and Employees

We have built our company culture on making customers successful and responding to our customers’ needs with speed. It is our aim to be among the few most trusted information technology partners that the life sciences industry works with on its most important data and information technology needs. The deep partnerships we forge with our customers help us shape our offerings to best meet industry needs and allow us to extend those relationships by providing additional solutions across a wide breadth of business areas. With a track record of ongoing, industry leading innovation and a steadfast commitment to our customers’ success we believe we are well positioned to continue to help the industry address a broader range of challenges and opportunities. We also believe our customer success focus provides a strategic advantage in our business development and sales efforts, as customers are strong advocates and refer others to our solutions.

We have carefully built our culture by recruiting, selecting and developing employees who are highly focused on delivering success for customers. This is a crucial element of our hiring and evaluation processes throughout all departments. We believe this approach produces high levels of customer success and employee success.

We also believe we provide employees a unique opportunity to develop and sell world-class, cloud-based applications and platforms within a specific industry. Historically, software developers had to choose between developing platforms for a broad, but generic set of customers, and building industry-specific solutions with limited further applicability. Our industry cloud approach empowers developers to build important applications and platforms that can become the standard in our industry while enabling sales personnel to sell a growing portfolio of solutions to a focused, deep set of life sciences companies. We believe that this unique opportunity will allow us to continue to attract top talent for our product development and sales efforts.

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As of January 31, 2017, we employed 1,794 people. We also engage temporary employees and consultants. None of our employees is represented by a labor union. We have not experienced any work stoppages, and we consider our relations with our employees to be very good.

Technology Infrastructure and Operations

Our solutions utilize a pod-based architecture in multiple data centers that allow for scalability, operational simplicity and security. Our solutions are hosted in data centers located in the United States, the European Union and Japan. We utilize third-parties to provide our data center infrastructure and manage the infrastructure on which our solutions operate. We utilize industry standard hardware and architect our solutions using redundant configurations to minimize service interruptions. We also utilize a highly available domain name service provider to reduce the potential for network-related disruptions.

Our technology is based on multitenant architectures that apply common, consistent management practices for all customers using our solutions. We enable multiple customers to share the same version of our solutions while securely partitioning their respective data. Portions of our multichannel customer relationship management applications are built on the Salesforce1 Platform. Our Veeva Vault and Veeva Network solutions are built upon our own proprietary platforms. We built the proprietary portions of our technology stack using recognized open source components. In addition, we use Amazon Web Services, which provides a scalable, distributed computing and storage infrastructure platform, for certain computing and data intensive functions of our solutions, such as analytic reporting, large data set manipulation and primary and redundant storage.

We continually monitor our infrastructure for any sign of failure or pending failure, and we take preemptive action to attempt to minimize or prevent downtime. Our data centers employ advanced measures to ensure physical integrity and security, including redundant power and cooling systems, fire and flood prevention mechanisms, continual security coverage, biometric readers at entry points and anonymous exteriors. We also implement various disaster recovery measures, including full replication of hardware and data in our geographically distinct data centers, such that data loss would be minimized in the event of a single data center disaster.

All users are authenticated, authorized and validated before they can access our solutions. Users must have a valid user ID and associated password to log on to our solutions. Our configurable security model allows different groups of users to have different levels of access to our solutions. Our solutions' vulnerability is tested using internal tools prior to release, and we employ a third party to perform penetration and vulnerability tests on our solutions on at least an annual basis.

Veeva has designed and implemented an information security management system, or ISMS, that is aligned with our customers' standards for information security practices. Our ISMS has successfully undergone ISO 27001 certification.

We also obtain independent third-party audit opinions related to security and availability annually, such as a Service Organization Controls, or SOC 2, Type II report, and ISO 27001 attestation reports.

Sales and Marketing

We sell our solutions through our direct sales organization.

At a high level, life sciences companies are typically organized by the major functions of research and development for the creation and development of new solutions, and commercial, for the sales and marketing of those solutions

once they are approved for use. In large life sciences companies, research and development and commercial business lines may also have separate technology and business decision makers. Accordingly, we market and sell our solutions to align with the distinct characteristics of the research and development buyer and the commercial buyer. In our largest regions, we have distinct research and development and commercial sales teams. Each of these teams is further divided to sell to the largest global pharmaceutical companies and to smaller life sciences companies.

We believe the combination of our industry-focus and commitment to customer success provides strategic advantages and allows us to more efficiently market and sell our solutions as compared to horizontal cloud-based companies. We further believe that the marketplace is increasingly recognizing the benefits of cloud based solutions over on premise packaged and custom software solutions, which further enhances our ability to compete with that class of competitors. Our awareness, demand generation and sales cultivation programs are highly targeted to life sciences industry buyers. We believe that we further benefit from word-of-mouth marketing as customers endorse our solutions to their industry peers. This allows us to focus our sales and marketing efforts without the need for a larger number of sales executives.

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Our Relationship with salesforce.com

Veeva CRM and certain of our related multichannel customer relationship management applications are developed on or utilize the Salesforce1 Platform of salesforce.com, inc. We are salesforce.com's preferred and recommended Salesforce1 Platform application provider of sales automation solutions for drug makers in the pharmaceutical and biotechnology industry, or the pharma/biotech industry. Our agreement provides that, subject to certain exceptions and specified remedies for breach, salesforce.com will not position, develop, promote, invest in or acquire applications directly competitive to the Veeva CRM application for sales automation that directly target the pharma/biotech industry. Our agreement with salesforce.com does not restrict a salesforce.com customer's ability (or the ability of salesforce.com on behalf of a specific salesforce.com customer) to customize or configure the Salesforce1 Platform. However, our agreement restricts salesforce.com from competing with us with respect to sales opportunities for sales automation solutions for the pharma/biotech industry unless such competition has been pre-approved by salesforce.com's senior management based on certain criteria specified in the agreement. Our agreement also imposes certain limits on salesforce.com entering into arrangements similar to ours with other parties with respect to sales automation applications for the pharma/biotech industry. Our agreement allows us to provide our customers with rights to the Salesforce1 Platform Unlimited Edition for use as combined with the proprietary aspects of certain of our multichannel customer relationship management applications, and subject to salesforce.com's standard prior review and approval processes, to build additional applications on the Salesforce1 Platform.

Under our agreement, salesforce.com provides the hosting infrastructure and data center for portions of our multichannel customer relationship management applications, as well as the system administration, configuration, reporting and other platform level functionality. In exchange, we pay salesforce.com a fee. Our current agreement with salesforce.com expires on September 1, 2025 and is renewable for five-year periods upon mutual agreement. We are obligated to meet minimum order commitments of $500 million over the term of the agreement, including "true-up" payments if the orders we place with salesforce.com have not equaled or exceeded the following aggregate amounts within the timeframes indicated: (i) $250 million from March 1, 2014 to September 1, 2020 and (ii) the full amount of $500 million by September 1, 2025. If either party elects not to renew the agreement or if the agreement is terminated by us as a result of salesforce.com's breach, the agreement provides for a five-year wind-down period in which we would be able to continue providing the Salesforce1 Platform as combined with the proprietary aspects of our solutions to our existing customers but would be limited with respect to the number of additional subscriptions we could sell to our existing customers. We believe that we have a mutually beneficial strategic relationship with salesforce.com.

Quality and Compliance

Our customers use our solutions for business activities that are subject to a complex regime of country and region specific healthcare laws and regulations across the globe. In order to best serve our customers, we must ensure that the data processed by our systems are accurate and secure and that they retain the level of confidentiality and privacy commensurate with the type of information managed. To comply with IT healthcare regulations, industry-specific capabilities must be designed for and embedded in all of our solutions. These capabilities include: robust audit trail tracking, compliant electronic signature capture, data encryption and secure access controls. In addition to design requirements, our solutions must be thoroughly tested to comply with the regulations that apply to electronic record keeping systems for the life sciences industry, which include:

Regulation

	Regulation Description
21 CFR 820.75	U.S. FDA device regulation on system validation
21 CFR 211.68	U.S. FDA pharma GMP regulation on system validation
21 CFR 11	U.S. FDA requirement for maintenance of electronic records
EU Annex 11	EU GMP requirement for maintenance of electronic records
21 CFR 203	Drug sample tracking as required by the Prescription Drug Marketing Act
PFSB Notification, No. 0401022 (Japan) 12	Use of Electromagnetic Records and Electronic Signatures for Approval of, or License for, Drugs

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Each version of our solutions that are subject to regulations that require companies to maintain certain records and submit information to regulators as part of compliance verification undergoes validation testing against these and other relevant standards. Veeva develops a validation plan, performs installation qualification and operational qualification, and executes the protocols. The results of each independent validation are then reviewed and confirmed in a summary report by our quality and compliance team. As such, we maintain a dedicated team of quality and compliance experts that manages our processes for meeting the requirements of the FDA and other global life sciences regulatory agencies. The functions of this quality and compliance team include three separate domains:

- quality systems oversees resource management, document management, computer validation, corrective and preventative action, and general quality oversight;
- compliance oversees audit and inspection management, supplier management, and regulatory intelligence; and
- the security office oversees information security and security awareness training and security incident response.

Veeva has designed and implemented a quality management system ("QMS") that is aligned with our customers' regulatory standards for IT compliance. Our QMS is maintained in our own Veeva Vault QualityDocs application. A compliant QMS in the healthcare regulated environment consists of the following:

- a comprehensive set of quality policies and procedures;
- an independent quality assurance function that oversees development and maintenance of our software;
- audit support of our customers' regulatory obligation to perform due diligence on their suppliers;
- computer systems validation aligned with healthcare industry best practices as outlined in published regulatory standards;
- a resource management program to ensure employees have the requisite demonstrable level of education, experience, and training;
- a risk management program to identify product realization and other business risks; and
- an information security program to ensure IT controls conform to established standards.

With respect to privacy and data protection, we comply with the patient privacy rules under the U.S. Health Insurance Portability and Accountability Act of 1996 that protect medical records and other personal health information by signing business associate agreements when requested by our customers.

In the European Union, Veeva is a registered data controller for data used in our Veeva OpenData and Veeva KOL Data solutions and a data processor for our remaining applications, each as defined by the EU Data Protection Directive 95/46/EC. We are in the process of preparing our compliance plan for the General Data Protection Regulation (GDPR) and e-Privacy Regulation reforms, which enter into force on May 25, 2018. In December 2016, we successfully self-certified under the EU-U.S. Privacy Shield framework. Additionally, we routinely execute EU Standard Contractual Clauses, often referred to as Model Clauses, to legally facilitate international transfers of EU personal data.

Our quality and compliance team also manages the process of customer audits, which is often a required due diligence step in customer purchase decisions. We believe our approach to quality and compliance reflects our focus on customer success and is a competitive differentiator.

Research and Development

Our ability to compete depends in large part on our continuous commitment to research and development and our ability to rapidly introduce new applications, technologies, features and functionality. Our research and development organization is responsible for the design, development and testing of our solutions and applications. Based on customer feedback and needs, we focus our efforts on developing new solutions functionality, applications and core technologies and further enhancing the usability, functionality, reliability, performance and flexibility of existing solutions and applications.

Research and development expenses were $41.2 million, $66.0 million and $96.8 million for our fiscal years ended January 31, 2015, 2016 and 2017, respectively.

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Competition

The markets for our solutions are global, rapidly evolving, highly competitive and subject to changing regulations, advancing technology and shifting customer needs. The solutions and applications offered by our competitors vary in size, breadth and scope.

Our multichannel customer relationship management applications compete with offerings from large global enterprise software vendors, such as Oracle Corporation, and also compete with life sciences-specific customer relationship management providers, such as QuintilesIMS. We also compete with a number of vendors of cloud-based and on-premise customer relationship management applications that address only a portion of the functionality of our customer relationship management solutions. Veeva Vault, our regulated content and information management solutions, competes with offerings from large global content management platform vendors such as Microsoft Corporation, OpenText Corporation and Oracle, and with offerings from life sciences specific providers, such as Medidata Solutions, Inc., PAREXEL International Corporation, BioClinica, Inc. and Sparta Technologies Ltd. We also compete with professional services companies that provide solutions on these platforms, such as Computer Sciences Corporation. In the future, providers of horizontal cloud-based storage or file sharing products, such as Box.com or Amazon Web Services, may seek to compete with our regulated content and information management solutions. In addition, we recently announced that we have begun selling Veeva Vault to companies in process and discrete manufacturing and highly regulated services industries. We have no experience selling certain of our Veeva Vault applications to companies in process and discrete manufacturing and highly regulated services industries, and therefore we anticipate having to compete with many existing solutions, including those listed above, custom-built software developed by third-party vendors or in-house by our potential customers and niche software providers. Our master data management solutions compete with master data software offerings from vendors such as IBM Corporation, Informatica Corporation, and other smaller providers, such as Reltio, Inc.. Our data and data services offerings compete with QuintilesIMS and many other data providers.

We may also face competition from custom-built software developed by third-party vendors or developed in-house by our potential customers, or from applications built by our customers or by third parties on behalf of our customers using commercially available software platforms that are provided by third parties. We may also face competition from companies that provide cloud-based solutions in different target or horizontal markets that may develop applications or work with companies that operate in our target markets. With the introduction of new technologies, we expect competition to intensify in the future, and we may face competition from new market entrants as well.

In some cases, our competitors are well-established providers of competitive solutions and have long-standing relationships with many of our current and potential customers, including large pharmaceutical and emerging biopharmaceutical companies. Oracle and QuintilesIMS, for example, each have greater name recognition, a much longer operating history, larger marketing budgets and significantly greater resources than we do.

Many of our competitors may be able to devote greater resources to the development, promotion and sale of their products and services than we are able. Such competitors may be able to initiate or withstand substantial price competition, and may offer solutions competitive to certain of our solutions on a standalone basis at a lower price or bundled as part of a larger product sale, including the bundling of software solutions and data. In addition, many of our competitors have established marketing relationships, access to larger customer bases and distribution agreements with consultants, system integrators and resellers that we do not have. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their product offerings or resources.

In addition, in order to take advantage of customer demand for cloud-based solutions, such competitors may expand their cloud-based solutions through acquisitions and organic development or may seek to partner with other leading cloud providers. For instance, in April 2015, IMS Health Holding, Inc. acquired the information solutions and CRM businesses of Cegedim SA. The combined entity competed with us in a number of product areas, including software solutions, data and data services. Further, in October 2016, IMS Health Holding, Inc. and Quintiles Transnational Holdings Inc., a contract research organization, combined in an all-stock merger of equals to form Quintiles IMS Holdings, Inc., which operates under the name QuintilesIMS. The impact of this transaction on our competitive environment is uncertain but increased competition from QuintilesIMS could negatively impact our business.

We believe the principal competitive factors in our market include the following:

- level of customer satisfaction;
- regulatory compliance verification and functionality;
- domain expertise with respect to life sciences;
- ease of deployment and use of solutions and applications;

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- breadth and depth of solution and application functionality;
- brand awareness and reputation;
- modern and adaptive technology platform;
- capability for customization, configurability, integration, security, scalability and reliability of applications;
- total cost of ownership;
- ability to innovate and respond to customer needs rapidly;
- size of customer base and level of user adoption; and
- ability to integrate with legacy enterprise infrastructures and third-party applications.

We believe that we compete favorably on the basis of these factors and that the domain expertise required for developing and deploying successful solutions in the life sciences industry may hinder new entrants that are unable to invest the necessary capital to develop solutions that can address the functionality, requirements and regulatory compliance capabilities needed for the life sciences industry. Our ability to remain competitive will largely depend on our ongoing performance in the areas of solution and application development and customer support.

Intellectual Property

We rely on a combination of patents, trade secrets, copyrights and trademarks, as well as contractual protections, to establish and protect our intellectual property rights. We have developed a process for seeking patent protection for our technology innovations. To date, we have secured seven U.S. patents and two Japanese patents, which expire between May 2023 and October 2035, and we have 24 pending U.S. patent applications and four pending international patent applications. We plan to continue expanding our patent portfolio. We require our employees, consultants and other third parties to enter into confidentiality and proprietary rights agreements and control access to software, documentation and other proprietary information. Although we rely on our intellectual property rights, as well as contractual protections to establish and protect our proprietary rights, we believe that factors such as the technological and creative skills of our personnel, creation of new features and functionality and frequent enhancements to our applications are essential to establishing and maintaining our technology leadership position as provider of software solutions and applications to the life sciences industry.

Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our application. Policing unauthorized use of our technology and intellectual property rights is difficult, and protection of our rights through civil enforcement mechanisms may be expensive and time consuming.

Companies in our industry often own a number of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. We are currently engaged in legal proceedings with competitors in which the competitors are asserting trade misappropriation and other claims, and we may face new allegations in the future that we have infringed the patents, trademarks, copyrights, trade secrets and other intellectual property rights of other competitors or non-practicing entities. We expect that we and others in our industry will continue to be subject to third-party infringement claims by competitors as the functionality of applications in different industry segments overlaps, and by non-practicing entities. Any of these third parties might make a claim of infringement against us at any time.

Corporate Information

We were incorporated in the state of Delaware in January 2007 and changed our name to Veeva Systems Inc. from Verticals onDemand, Inc. in April 2009. Our principal executive offices are located at 4280 Hacienda Drive, Pleasanton, California 94588. Our telephone number is (925) 452-6500. Our website address is

http://www.veeva.com. Information contained on our website is not incorporated by reference into this annual report on Form 10-K, and you should not consider information contained on our website to be part of this annual report on Form 10-K or in deciding whether to purchase shares of our Class A common stock. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on the Investors portion of our website at http://ir.veeva.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

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ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," together with all of the other information in this annual report on Form 10-K, including our consolidated financial statements and related notes, before investing in our Class A common stock. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition, results of operations, and prospects could be materially and adversely affected. In that event, the price of our Class A common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business and Industry

Our quarterly results may fluctuate significantly, which make it difficult to predict our future operating results and could prevent us from meeting investor expectations, or our own guidance, and which could adversely impact the value of our Class A common stock.

Our quarterly results of operations, including our revenues, gross margin, operating margin, profitability, cash flows and deferred revenue, may vary significantly in the future for a variety of reasons, including those listed elsewhere in this "Risk Factors" section, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, our quarterly results should not be relied upon as an indication of future performance. Additionally, we issue guidance or provide commentary quarterly regarding our expectations for certain future financial results. Our ability to forecast our future operating results, including revenues, gross margin, operating margin, profitability, cash flows and deferred revenue, is limited given our relatively limited operating history and inability to control future events. Our guidance may prove to be incorrect and actual results may differ materially from our guidance. Fluctuations in our results or failure to achieve our forecasts and guidance may adversely impact the market price of our Class A common stock.

We expect the future growth rate of our revenues to decline.

In our fiscal years ended January 31, 2015, 2016 and 2017, our total revenues grew by 49%, 31% and 33%, respectively, as compared to total revenues from the prior fiscal years. Please note that our total revenues for the fiscal year ended January 31, 2017 included a full year of revenue contribution from the Zinc Ahead business, which we acquired in September 2015. We expect the growth rate of our revenues to decline in future periods, which may adversely impact the value of our Class A common stock.

As our costs increase, we may not be able to sustain the level of profitability we have achieved in the past.

We expect our future expenses to increase as we continue to invest in and grow our business. We expect to incur significant future expenditures related to:

- developing new solutions, enhancing our existing solutions (including adapting certain of our Veeva Vault applications for companies in process and discrete manufacturing and highly regulated services industries) and improving the technology infrastructure, scalability, availability, security and support for our solutions;
- expanding and deepening our relationships with our existing customer base, including expenditures related to increasing the adoption of our solutions by the research and development departments of life sciences companies;
- sales and marketing, including expansion of our direct sales organization and global marketing programs;
- expansion of our professional services organization;
- international expansion;

- integrating the business and headcount of Zinc Ahead;
- employee compensation, including stock based compensation;
- further build-out of our new corporate headquarters located in Pleasanton, California;
- pending, threatened, or future legal proceedings, certain of which are described in Item 3. “Legal Proceedings” and which we expect to result in significant expense during the fiscal year ending January 31, 2018; and
- general operations, IT systems and administration, including legal and accounting expenses related to being a public company.

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If our efforts to increase revenues and manage our expenses are not successful, or if we incur costs, damages, fines, settlements or judgments as a result of other risks and uncertainties described in this report, we may not be able to increase or sustain our historical levels of profitability.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our solutions may be perceived as not being secure, customers may reduce the use of or stop using our solutions and we may incur significant liabilities.

Our solutions involve the storage and transmission of our customers' proprietary information, including personal or identifying information regarding their employees and the medical professionals whom their sales personnel contact, sensitive proprietary data related to the regulatory submission process for new medical treatments, and other sensitive information, which may include personal health information. As a result, unauthorized access or security breaches as a result of third-party action, employee error, malfeasance or otherwise could result in the loss of information, litigation, indemnity obligations, damage to our reputation and other liability. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any or all of these issues could adversely affect our ability to attract new customers, cause existing customers to elect to not renew their subscriptions, result in reputational damage or subject us to third-party lawsuits, regulatory fines or other action or liability, which could adversely affect our operating results. Our insurance may not be adequate to cover losses associated with such events, and in any case, such insurance may not cover all of the types of costs, expenses and losses we could incur to respond to and remediate a security breach. A security breach of another significant provider of cloud-based solutions may also negatively impact the demand for our solutions.

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

The markets for our solutions are highly competitive. Our multichannel customer relationship management applications compete with offerings from large global enterprise software vendors, such as Oracle Corporation, and also compete with life sciences-specific customer relationship management providers, such as QuintilesIMS. We also compete with a number of vendors of cloud-based and on-premise customer relationship management applications that address only a portion of the functionality of our customer relationship management solutions. Veeva Vault, our regulated content and information management solutions, competes with offerings from large global content management platform vendors such as Microsoft Corporation, OpenText Corporation and Oracle, and with offerings from life sciences specific providers, such as Medidata Solutions, Inc., PAREXEL International Corporation, BioClinica, Inc., and Sparta Technologies Ltd. We also compete with professional services companies that provide solutions on these platforms, such as Computer Sciences Corporation. In the future, providers of horizontal cloud-based storage or file sharing products, such as Box.com or Amazon Web Services, may seek to compete with our regulated content and information management solutions. In addition, we have begun selling Veeva Vault to companies in process and discrete manufacturing and highly regulated services industries. We have no experience selling certain of our Veeva Vault applications to companies in process and discrete manufacturing and highly regulated services industries and therefore we anticipate having to compete with many existing solutions, including those listed above, custom-built software developed by third-party vendors or in-house by our potential customers and niche software providers. Our master data management solutions compete with master data software offerings from vendors such as IBM Corporation, Informatica Corporation, and other smaller providers such as Reltio, Inc. Our data and data services offerings compete with QuintilesIMS and many other data providers. We may also face competition

from custom-built software developed by third-party vendors or developed in-house by our potential customers, or from applications built by our customers or by third parties on behalf of our customers using commercially available software platforms that are provided by third parties. We may also face competition from companies that provide cloud-based solutions in different target or horizontal markets that may develop applications or work with companies that operate in our target markets. With the introduction of new technologies, we expect competition to intensify in the future, and we may face competition from new market entrants as well.

In some cases, our competitors are well-established providers of competitive solutions and have long-standing relationships with many of our current and potential customers, including large pharmaceutical and emerging biopharmaceutical companies. Oracle and QuintilesIMS, for example, each have greater name recognition, a much longer operating history, larger marketing budgets and significantly greater resources than we do.

Many of our competitors may be able to devote greater resources to the development, promotion and sale of their products and services than we are able. Such competitors may be able to initiate or withstand substantial price competition, and may offer solutions competitive to certain of our solutions on a standalone basis at a lower price or bundled as part of a larger product sale, including the bundling of software solutions and data. In addition, many of our competitors have established marketing relationships, access to larger customer bases and distribution agreements with consultants, system integrators and resellers that we do not have. Our competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their

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product offerings or resources. In addition, in order to take advantage of customer demand for cloud-based solutions, such competitors may expand their cloud-based solutions through acquisitions and organic development or may seek to partner with other leading cloud providers. For instance, in April 2015, IMS Health Holding, Inc. acquired the information solutions and CRM businesses of Cegedim SA. The combined entity competed with us in a number of product areas, including software solutions, data and data services. Further, in October 2016, IMS Health Holding, Inc. and Quintiles Transnational Holdings Inc., a contract research organization, combined in an all-stock merger of equals to form Quintiles IMS Holdings, Inc., which operates under the name QuintilesIMS. The impact of this transaction on our competitive environment is uncertain but increased competition from QuintilesIMS could negatively impact our business.

If our competitors' products, services or technologies become more accepted than our solutions, if they are successful in bringing their products or services to market earlier than we are, if their products or services are more technologically capable than ours, or if customers replace our solutions with custom-built software, then our revenues could be adversely affected. Pricing pressures and increased competition could result in reduced sales, reduced margins, losses or a failure to maintain or improve our competitive market position, any of which could adversely affect our business.

In our fiscal year ended January 31, 2017, we derived approximately 71% of our subscription services revenues and 68% of our total revenues from our Veeva Commercial Cloud solutions. Within Veeva Commercial Cloud, our core Veeva CRM application has achieved substantial penetration within the sales teams of pharmaceutical and biotechnology companies. If our efforts to sustain or further increase the use and adoption of our customer relationship management applications do not succeed, the growth rate of our revenues may decline.

In our fiscal year ended January 31, 2017, we derived approximately 71% of our subscription services revenues and 68% of our total revenues from our Veeva Commercial Cloud solutions. We have realized substantial sales penetration of the available market for our core Veeva CRM application among pharmaceutical and biotechnology companies. A critical factor for our continued growth is our ability to sell additional user subscriptions for Veeva CRM and the other applications within Veeva Commercial Cloud to our existing and new customers. Any factor adversely affecting sales of these applications—including substantial penetration of the available market for our core Veeva CRM application, reductions in user subscriptions due to acquisitions of or business combinations between our customers, or increased purchasing scrutiny, which may result in reductions in user subscription or increased pricing pressure, could adversely affect the growth rate of our sales, revenues, operating results, and business.

If our newer solutions, including certain Veeva Vault applications, Veeva Network Customer Master, Veeva Network Product Master, Veeva's data offerings and our newer multichannel customer relationship management applications that complement Veeva CRM, are not successfully adopted by new and existing customers, the growth rate of our revenues and operating results will be adversely affected.

Our continued growth and profitability will depend on our ability to successfully develop and sell new solutions, including our Veeva Vault applications, Veeva Network Customer Master, Veeva Network Product Master, Veeva's data offerings and our newer multichannel customer relationship management applications that complement Veeva CRM. These solutions were introduced relatively recently. Although certain Veeva Vault applications have begun to achieve meaningful market acceptance, it is uncertain whether these solutions will continue to grow as a percentage of revenues at a pace significant enough to support our expected growth. For instance, we have recently begun selling Veeva Vault applications to companies in process and discrete manufacturing and highly regulated services industries outside of life sciences, and we have announced our intent to sell new Veeva Vault applications, such as Veeva Vault EDC and Veeva Vault CTMS. We cannot be certain that our initiatives with respect to newer solutions and newer

markets for our solutions will be successful. It may take us significant time, and we may incur significant expense to effectively market and sell these solutions or to develop other new solutions and make enhancements to our existing solutions. If our newer solutions do not continue to gain traction in the market, or other solutions that we may develop and introduce in the future do not achieve market acceptance in a timely manner, the growth rate of our revenues and operating results may be adversely affected.

Our revenues, gross margin and operating margin from professional services fees are volatile and may not increase from quarter to quarter or at all.

We derive a significant portion of our revenue from professional services fees. Our professional services revenues fluctuate from quarter to quarter as a result of the achievement of payment milestones in our professional services arrangements, and the requirements, complexity and timing of our customers' implementation projects. Generally, a customer's ongoing need for professional services decreases as the implementation and full deployment of such solutions is completed. In addition, we believe that the implementation projects for some of our newer software solutions will require a lower level of professional services as compared to the implementation projects for our Veeva CRM application. Our customers may also choose to use third parties rather than us for certain professional services related to our solutions. As a result of these and other factors, our professional services revenues may not

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increase on a quarterly basis in the future or at all. Additionally, the gross margin and operating margin generated from professional services fees fluctuates based a number of factors which may be variable from period to period, including the average billable hours worked by our billable professional services personnel, our hourly rates for professional services, and the achievement of payment milestones in a period for which a portion of the associated professional services was delivered in a prior period. As a result of these and other factors, the gross margin and operating margin from our professional services may not increase on a quarterly basis in the future or at all.

Our subscription agreements with our customers are typically for a term of one year. If our existing customers do not renew their subscriptions annually, or do not buy additional solutions and user subscriptions from us, or renew at lower fee levels, our business and operating results will suffer.

We derive a significant portion of our revenues from the renewal of existing subscription orders. Our customers' orders for subscription services typically have a one-year term. However, more recently and with respect to solutions other than our core sales automation solution, we have begun to enter into orders with terms of up to five years. Our customers have no obligation to renew their subscriptions for our solutions after their orders expire. Thus, securing the renewal of our subscription orders and selling additional solutions and user subscriptions is critical to our future operating results. Factors that may affect the renewal rate for our solutions and our ability to sell additional solutions and user subscriptions include:

- the price, performance and functionality of our solutions;
- the availability, price, performance and functionality of competing solutions and services;
- the effectiveness of our professional services;
- our ability to develop complementary solutions, applications and services;
- the stability, performance and security of our hosting infrastructure and hosting services; and
- the business environment of our customers and, in particular, acquisitions of or business combinations between our customers or other business developments may result in reductions in user subscriptions.

In addition, our customers may negotiate terms less advantageous to us upon renewal, which could reduce our revenues from these customers. As a customer's total spend on Veeva solutions increases, we expect purchasing scrutiny at renewal to increase as well, which may result in reductions in user subscriptions or increased pricing pressure. Other factors that are not within our control may contribute to a reduction in our subscription services revenues. For instance, our customers may reduce their number of sales representatives, which would result in a corresponding reduction in the number of user subscriptions needed for some of our solutions and thus a lower aggregate renewal fee, or our customers may discontinue clinical trials for which our solutions were being used. If our customers fail to renew their subscription orders, renew their subscription orders with less favorable terms or at lower fee levels or fail to purchase new solutions, applications and professional services from us, our revenues may decline or our future revenues may be constrained.

Our revenues are relatively concentrated within a small number of key customers, and the loss of one or more of such key customers, or their failure to renew or expand user subscriptions, could slow the growth rate of our revenues or cause our revenues to decline.

In our fiscal years ended January 31, 2015, 2016 and 2017, our top 10 customers accounted for 54%, 50% and 45% of our total revenues, respectively. We rely on our reputation and recommendations from key customers in order to promote our solutions to potential customers. The loss of any of our key customers, or a failure of one or more of them to renew or expand user subscriptions, could have a significant impact on the growth rate of our revenues, our reputation and our ability to obtain new customers. In the event of an acquisition of one of our largest customers or a

business combination between two of our largest customers, we may suffer reductions in user subscriptions or non-renewal of our subscription orders. We are also likely to face increasing purchasing scrutiny at the renewal of these large customer subscription orders, which may result in reductions in user subscriptions or increased pricing pressure. The business impact of any of these negative events is particularly pronounced as to our largest customers.

An inability to attract and retain highly skilled employees could adversely affect our business.

To execute our growth plan, we must attract and retain highly qualified employees. Competition for these employees is intense, especially with respect to sales and marketing personnel and engineers with high levels of experience in enterprise software and internet-related services. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with the appropriate level of qualifications. With respect to sales professionals, even if we are successful in attracting highly qualified personnel, it may take six to nine months or longer before they are fully trained and productive. Many of the companies with which we compete for experienced employees have greater resources than we have and may offer compensation packages that are perceived to be better than ours. For instance, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may

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adversely affect our ability to recruit and retain highly skilled employees. If we fail to attract new employees or fail to retain and motivate our current employees, our business and future growth prospects could be adversely affected.

Defects or disruptions in our solutions could result in diminished demand for our solutions, a reduction in our revenues and subject us to substantial liability.

We generally release updates to our solutions three times per year. These updates may contain undetected errors when first introduced or released. We have from time to time found defects in our solutions, and new errors in our existing solutions may be detected in the future. Since our customers use our solutions for important aspects of their business, any errors, defects, disruptions, service degradations or other performance problems with our solutions could hurt our reputation and may damage our customers' businesses. If that occurs, our customers may delay or withhold payment to us, cancel their agreements with us, elect not to renew, or make service credit claims, warranty claims or other claims against us, and we could lose future sales. The occurrence of any of these events could result in diminishing demand for our solutions, a reduction of our revenues, an increase in our bad debt expense or an increase in collection cycles for accounts receivable, or could require us to increase our warranty provisions or incur the expense of litigation or substantial liability.

We depend on data centers and computing infrastructure operated by third parties for our solutions, and any disruption in these operations could adversely affect our business and subject us to liability.

Our solutions are hosted from and use computing infrastructure provided from data centers operated by third parties, including salesforce.com, with respect to our solutions related to Veeva CRM, Amazon Web Services, and other providers. We expect to increase our usage of Amazon Web Services over time. We do not control the operation of these facilities or their underlying computing infrastructure. The owners of our non-salesforce.com data centers have no obligation to renew their agreements with us on commercially reasonable terms or at all. If we are unable to renew these agreements on commercially reasonable terms, or if one of our data center operators is acquired, we may be required to transition to a new providers, and we may incur significant costs and possible service interruption in connection with doing so. In addition, the operators of the data centers could decide to close their facilities or change or suspend their service offerings without adequate notice to us. Moreover, any financial difficulties, such as bankruptcy, faced by the operators of the data centers or any of the service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Since we cannot easily switch our data center and computing infrastructure providers, any disruption with respect to our current providers would impact our operations and our business could be adversely impacted.

Problems faced by our third-party data center locations, including those operated by salesforce.com, Amazon Web Services, or other providers could adversely affect the experience of our customers. For example, in May 2016, salesforce.com, inc. suffered a significant service outage with respect to a group of servers that hosts the Veeva CRM solution for certain of our Veeva CRM customers, which resulted in unplanned system unavailability and potential data loss. Certain customers claimed service level credits under their contracts with us, and the impact was not material to our financial results for our fiscal year ended January 31, 2017. Amazon Web Services has also and may in the future experience a significant service outages. Additionally, if our data centers, Amazon Web Services or other providers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. For example, a rapid expansion of our business could affect the service levels at our data centers or cause such data centers and systems to fail. Any changes in third-party service levels at our data centers, Amazon Web Services or other providers or any disruptions or other performance problems with our solutions could adversely affect our reputation and may damage our customers' stored files or result in lengthy interruptions in our services or potential losses of customer data. Interruptions in our services might reduce our revenues, cause us to issue refunds to

customers for prepaid and unused subscriptions, subject us to service level credit claims and potential liability or adversely affect our renewal rates. Our agreements with third-party data providers may not entitle us to corresponding service level credits to those we offer to our customers.

If we fail to effectively manage our technical operations infrastructure, our existing customers may experience service outages and our new customers may experience delays in the deployment of our solutions.

We have experienced significant growth in the number of end users, transactions and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support version control, changes in hardware and software parameters and the evolution of our solutions. However, the provision of new hosting infrastructure requires adequate lead-time. We have experienced, and may in the future experience, service disruptions, degradations, outages and other performance problems. These types of problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in customer usage, problems associated with our third-party data center and network providers and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It is also possible that such problems could result in losses of customer data. If we do not accurately predict our infrastructure requirements, our existing customers may experience delays in the

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deployment of our solutions or service outages that may subject us to financial penalties, financial liabilities and customer losses. For instance, our customer agreements typically provide service level commitments on a quarterly basis. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our solutions, we may be contractually obligated to provide these customers with service level credits or our customers may terminate their agreements.

We have experienced rapid growth, and if we fail to manage our growth effectively, we may be unable to execute our business plan.

Since we were founded, we have experienced rapid growth and expansion of our operations. Our revenues, customer count, product and service offerings, countries of operation, facilities and computing infrastructure needs have all increased significantly, and we expect them to increase in the future. We have also experienced rapid growth in our employee base, and as we continue to grow, we must effectively integrate, develop and motivate a large number of new employees, while executing our growth plan and maintaining the beneficial aspects of our culture. Our rapid growth has placed, and will continue to place, a significant strain on our management capabilities, administrative and operational infrastructure, facilities and other resources. We anticipate that additional investments in our facilities and computing infrastructure will be required to scale our operations. To effectively manage growth, we must continue to improve our key business applications, processes and computing infrastructure; enhance information and communication systems; and ensure that our policies and procedures evolve to reflect our current operations and are appropriately communicated to and observed by employees. These enhancements and improvements will require additional investments and allocation of valuable management and employee time and resources. Failure to effectively manage growth could result in difficulty or delays in deploying our solutions, declines in quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact our business performance and results of operations.

Our agreement with salesforce.com imposes significant financial commitments on us which we may not be able to meet and which could negatively impact our financial results and liquidity in the future.

Our Veeva CRM application, and certain portions of the multichannel customer relationship management applications that complement our Veeva CRM application, are developed on and/or utilize the Salesforce1 Platform of salesforce.com. Under our agreement, salesforce.com provides the hosting infrastructure and data center for portions of our multichannel customer relationship management applications, as well as the system administration, configuration, reporting and other platform level functionality. In exchange, we pay salesforce.com a fee. Our agreement with salesforce.com requires that we meet minimum order commitments of $500 million over the term of the agreement, which ends on September 1, 2025, including “true-up” payments if the orders we place with salesforce.com have not equaled or exceeded the following aggregate amounts within the timeframes indicated: (i) $250 million from March 1, 2014 to September 1, 2020 and (ii) the full amount of $500 million by September 1, 2025. If we are not able to meet the minimum order commitments, the required true-up payments will negatively impact our margins, cash flows, cash balance and financial condition, and our stock price may decline.

Substantially all of our revenues are generated by sales to customers in the life sciences industry, and factors that adversely affect this industry, including mergers within the life sciences industry or regulatory changes, could also adversely affect us.

Substantially all of our sales are to customers in the life sciences industry. Demand for our solutions could be affected by factors that adversely affect the life sciences industry, including:

- The consolidation of companies or bankruptcies within the life sciences industry—Consolidation within the life sciences industry has accelerated in recent years, and this trend could continue. We may lose customers due to industry consolidation, and we may not be able to expand sales of our solutions and services to new customers to replace lost customers. In addition, new companies that result from such consolidation may decide that our solutions are no longer needed because of their own internal processes or alternative solutions. As these entities consolidate, competition to provide solutions and services to industry participants will become more intense and the importance of establishing relationships with large industry participants will become greater. These industry participants may try to use their market power to negotiate price reductions for our solutions. If consolidation of our larger current customers occurs, the combined company may represent a larger percentage of business for us and, as a result, we are likely to rely more significantly on the combined company's revenues to continue to achieve growth. In addition, if large life sciences merge, it would have the potential to reduce per unit pricing for our solutions for the merged companies or to reduce demand for one or more of our solutions as a result of potential personnel reductions over time. Additionally, our customers with potential treatments in clinical trials may be unsuccessful and may subsequently declare bankruptcy.

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- The changing regulatory environment of the life sciences industry—Changes in regulations could negatively impact the business environment for our life sciences customers or could require us to expend significant resources in order to ensure that our solutions continue to meet the compliance needs of our customers or could prevent our customers from using certain of our solutions or certain functionality of our solutions. Healthcare laws and regulations are rapidly evolving and may change significantly in the future. In particular, legislation has been introduced in the United States that has led to uncertainty as to the future of certain healthcare laws and regulations regarding coverage for healthcare expenses, and legislation or regulatory changes regarding the pricing of healthcare treatments sold by life sciences companies has also recently been a topic of discussion by political leaders and regulators in the United States and elsewhere.
- Changes in market conditions and practices within the life sciences industry—The expiration of key patents, changes in the practices of prescribing physicians, changes with respect to payer relationships, the policies and preferences of healthcare professionals and healthcare organizations with respect to the sales and marketing efforts of life sciences companies, changes in the regulation of the sales and marketing efforts and pricing practices of life sciences companies, and other factors could lead to a significant reduction in sales representatives that use our solutions or otherwise change the demand for our solutions. Changes in public perception regarding the practices of the life sciences industry may result in political pressure to increase the regulation of life sciences companies in one or more of the areas described above, which may negatively impact demand for our solutions.
- Changes in global economic conditions and changes in the global availability of healthcare treatments provided by the life sciences companies to which we sell—Our business depends on the overall economic health of our existing and prospective customers. The purchase of our solutions may involve a significant commitment of capital and other resources. If economic conditions, including the ability to market life sciences products in key markets or the demand for life sciences products globally deteriorates, many of our customers may delay or reduce their IT spending. This could result in reductions in sales of our solutions, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition.

Accordingly, our operating results and our ability to efficiently provide our solutions to life sciences companies and to grow or maintain our customer base could be adversely affected as a result of factors that affect the life sciences industry generally.

If the third-party providers of healthcare reference data and prescription drug sales data do not allow our customers to upload and use such data in our solutions, our business may be negatively impacted.

Many of our customers license healthcare professional and healthcare organization data and data regarding the sales of prescription drugs from third parties such as QuintilesIMS. In order for our customers to upload such data to the Veeva CRM and Veeva Network Customer Master solution, such third-party data providers typically must consent to such uploads and often require that we enter into agreements regarding our obligations with respect to such data, which include confidentiality obligations and intellectual property rights with respect to such third-party data. We have experienced delays and difficulties in our negotiations with such third-party data providers in the past, and we expect to experience difficulties in the future. For instance, QuintilesIMS currently will not consent to its healthcare professional or healthcare organization data being uploaded to Veeva Network Customer Master. If such third-party data providers do not consent to the uploading and use of their data in our solutions, delay consent or fail to offer reasonable conditions for the upload and use of such data in our solutions, our sales efforts, solution implementations and productive use of our solutions by customers may be harmed, and our business, in turn, may be negatively impacted.

We may be sued by third parties for alleged infringement of their proprietary rights or misappropriation of intellectual property.

There is considerable patent and other intellectual property development activity in our industry. Our competitors, as well as a number of other entities and individuals, including so-called non-practicing entities, or NPEs, may own or claim to own intellectual property relating to our solutions. From time to time, third parties may claim that we are infringing upon their intellectual property rights or that we have misappropriated their intellectual property. For example, in 2014, we settled a lawsuit with Prolifiq Software, Inc. in exchange for a license to certain asserted patents, and we are currently defending against assertions of trade secret misappropriation made by our competitors, Medidata and QuintilesIMS, as described in Item 3. “Legal Proceedings.” As competition in our market grows, the possibility of patent infringement and other intellectual property claims against us increases. In the future, we expect others to claim that our solutions and underlying technology infringe or violate their intellectual property rights. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

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We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We have in the past acquired and may in the future seek to acquire or invest in businesses, solutions or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. For instance, in 2015, we acquired the key opinion leader business and products of Qforma, Inc., Mederi AG and other affiliated entities through a combination of stock and asset purchases. In 2015, we also acquired Zinc Ahead, a provider of commercial content management solutions. Additionally, the pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

We have limited experience in acquiring other businesses. We may not be able to successfully integrate the acquired personnel, operations and technologies, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- costs, liabilities or accounting charges associated with the acquisition;
- difficulty integrating the accounting systems, operations and personnel of the acquired business;
- problems arising from differences in applicable accounting standards or practices of the acquired business (for instance, non-U.S. businesses, like the Zinc Ahead business, may not be accustomed to preparing their financial statements in accordance with U.S. GAAP) or difficulty identifying and correcting deficiencies in the internal controls over financial reporting of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business onto our solutions and contract terms, including due to disparities in the revenues, licensing, support or professional services model of the acquired company;
- diversion of management's attention from other business concerns;
- adverse effects to business relationships with our existing business partners and customers as a result of the acquisition;
- difficulty in retaining key personnel of the acquired business;
- the possibility of investigation by, or the failure to obtain required approvals from, governmental authorities on a timely basis, if at all, under various regulatory schemes, including competition laws, which could, among other things, delay or prevent us from completing a transaction, subject the transaction to divestiture after the fact or otherwise restrict our ability to realize the expected financial or strategic goals of the acquisition;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which we must assess for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations. Acquisitions may also result in purchase accounting adjustments, write-offs or restructuring charges, which may negatively affect our results.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial position may suffer.

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Our solutions address heavily regulated functions within the life sciences industry, and failure to comply with applicable laws and regulations could lessen the demand for our solutions or subject us to significant claims and losses.

Our customers use our solutions for business activities that are subject to a complex regime of global laws and regulations, including requirements for maintenance of electronic records and electronic signatures (as set forth in 21 CFR Part 11, EU Annex 11, and Japan PFSB Notification No. 0401022), requirements regarding drug sample tracking and distribution (as set forth in 21 CFR Part 203, EU Directive 201/83/EC Article 96), requirements regarding system validations (as set forth in 21 CFR Part 802.75 and 21 CFR Part 211.68), and other laws and regulations. Our solutions are expected to be capable of use by our customers in compliance with such laws and regulations. Our efforts to provide solutions that comply with such laws and regulations are time-consuming and costly, and include validation procedures that may delay the release of new versions of our solutions. As these laws and regulations change over time, we may find it difficult to adjust our solutions to comply with such changes. For example, on June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as “Brexit.” Since a significant proportion of the regulatory framework in the United Kingdom is derived from EU directives and regulations, Brexit could materially affect the regulatory regime applicable to our customers with operations in the United Kingdom. Any such changes to the regulatory regime could have a material adverse effect on the life sciences industry generally and on our ability to adjust our solutions to comply with such changes.

As we increase the number of products we offer, the complexity of adjusting our solutions to comply with legal and regulatory changes will increase. If we are unable to effectively manage this increase or if we are not able to provide solutions that can be used in compliance with applicable laws and regulations, customers may be unwilling to use our solutions and any such non-compliance could result in the termination of our customer agreements or claims arising from such agreements with our customers.

Additionally, any failure of our customers to comply with laws and regulations applicable to the functions for which our solutions are used could result in fines, penalties or claims for substantial damages against our customers that may harm our business or reputation. If such failure were allegedly caused by our solutions or services, our customers may make a claim for damages against us, regardless of our responsibility for the failure. We may be subject to lawsuits that, even if unsuccessful, could divert our resources and our management’s attention and adversely affect our business, and our insurance coverage may not be sufficient to cover such claims against us.

Our sales cycles can be long and unpredictable, and our sales efforts require considerable investment of time and expense. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our operating results and growth would be harmed.

Our sales process entails planning discussions with prospective customers, analyzing their existing solutions and identifying how these potential customers can use and benefit from our solutions. The sales cycle for a new customer, from the time of prospect qualification to the completion of the first sale, may span over 12 months or longer. In particular, we have limited history selling certain of our more recently announced Veeva Vault applications, such as Veeva Vault EDC and Veeva Vault CTMS, to the research and development departments of life sciences companies. In addition, we have only recently begun selling certain of our Veeva Vault applications to companies in process and discrete manufacturing and highly regulated services industries. As a result, our sales cycle for these applications may be lengthy and difficult to predict. We spend substantial time, effort and money in our sales efforts without any assurance that our efforts will result in the sale of our solutions. In addition, our sales cycle can vary substantially from customer to customer because of various factors, including the discretionary nature of potential customers’

purchasing and budget decisions, the announcement or planned introduction of new solutions by us or our competitors and the purchasing approval processes of potential customers. If our sales cycle lengthens or we invest substantial resources pursuing unsuccessful sales opportunities, our operating results and growth would be harmed.

Catastrophic events could disrupt our business and adversely affect our operating results.

Our corporate headquarters are located in Pleasanton, California and our third-party hosted data centers are located in the United States, the European Union and Japan. The west coast of the United States and Japan each contains active earthquake zones. Additionally, we rely on our network and third-party infrastructure and enterprise applications, internal technology systems and our website for our development, marketing, operational support, hosted services and sales activities. In the event of a major earthquake, hurricane or catastrophic event such as fire, power loss, telecommunications failure, cyber-attack, war or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our solution development, lengthy interruptions in our services, breaches of data security and loss of critical data, all of which could have an adverse effect on our future operating results.

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Because key and substantial portions of our multichannel customer relationship management applications are built on salesforce.com's Salesforce1 Platform, we are dependent upon our agreement with salesforce.com to provide these solutions to our customers, and we are bound by the restrictions of this agreement which limits the companies to which we may sell our Veeva CRM solution.

Our Veeva CRM application and certain portions of the multichannel customer relationship management applications that complement our Veeva CRM application are developed on or utilize the Salesforce1 Platform of salesforce.com, inc., and we rely on our agreement with salesforce.com to continue to use the Salesforce1 Platform as combined with the proprietary aspects of our multichannel customer relationship management applications.

Our agreement with salesforce.com expires on September 1, 2025. However, salesforce.com has the right to terminate the agreement in certain circumstances, including in the event of a material breach of the agreement by us, or that salesforce.com is subjected to third-party intellectual property infringement claims based on our solutions (except to the extent based on the Salesforce1 Platform) or our trademarks and we do not remedy such infringement in accordance with the agreement. Also, if we are acquired by specified companies, salesforce.com may terminate the agreement upon notice of not less than 12 months. If salesforce.com terminates our agreement under these circumstances, our customers will be unable to access Veeva CRM and certain other of our multichannel customer relationship management applications. A termination of the agreement would cause us to incur significant time and expense to acquire rights to, or develop, a replacement customer relationship management platform and we may not be successful in these efforts. Even if we were to successfully acquire or develop a replacement customer relationship management platform, some customers may decide not to adopt the replacement platform and may decide to use a different customer relationship management solution. If we were unsuccessful in acquiring or developing a replacement customer relationship management platform or acquired or developed a replacement customer relationship management platform that our customers do not adopt, our business, operating results and brand may be adversely affected.

Also, if either party elects not to renew the agreement at the end of its September 1, 2025 term or if the agreement is terminated by us as a result of salesforce.com's breach, the agreement provides for a five-year wind-down period in which we would be able to continue providing the Salesforce1 Platform as combined with the proprietary aspects of our solutions to our existing customers but would be limited with respect to the number of additional subscriptions we could sell to our existing customers. After the wind-down period, we would no longer be able to use the Salesforce1 Platform.

Our agreement with salesforce.com provides that we can use the Salesforce1 Platform as combined with our proprietary Veeva CRM application to sell sales automation solutions only to drug makers in the pharmaceutical and biotechnology industries for human and animal treatments, which does not include the medical devices industry or products for non-drug departments of pharmaceutical and biotechnology companies. Sales of the Salesforce1 Platform in combination with our Veeva CRM application to additional industries would require the review and approval of salesforce.com. Our inability to freely sell our Veeva CRM application outside of drug makers in the pharmaceutical and biotechnology industries may adversely impact our growth.

While our agreement with salesforce.com, subject to certain exceptions, provides that salesforce.com will not position, develop, promote, invest in or acquire applications directly competitive to the Veeva CRM application for sales automation that directly target drug makers in the pharmaceutical and biotechnology industry, or the pharma/biotech industry, our remedy for a breach of this commitment by salesforce.com would be to terminate the agreement, or continue the agreement but be released from our minimum order commitments from the date of salesforce.com's breach forward. While our agreement with salesforce.com also restricts salesforce.com from competing with us with

respect to sales opportunities for sales automation solutions for the pharma/biotech industry unless such competition has been pre-approved by salesforce.com's senior management based on certain criteria specified in the agreement, and imposes certain limits on salesforce.com from entering into arrangements similar to ours with other parties with respect to sales automation applications for the pharma/biotech industry, it does not restrict a salesforce.com customer's ability (or the ability of salesforce.com on behalf of a specific salesforce.com customer) to customize or configure the Salesforce1 Platform, and our remedy for a breach of these restrictions by salesforce.com would be to terminate the agreement, or continue the agreement but be released from our minimum order commitments from the date of salesforce.com's breach forward. Some current or potential customers of ours may choose to build custom solutions using the Salesforce1 Platform rather than buying our solutions.

We employ third-party licensed software and software components for use in or with our solutions, and the inability to maintain these licenses or the presence of errors in the software we license could limit the functionality of our products and result in increased costs or reduced service levels, which would adversely affect our business.

In addition to our employment of the Salesforce1 Platform through our agreement with salesforce.com, our solutions incorporate or utilize certain third-party software and software components obtained under licenses from other companies. We anticipate that we will continue to rely on such third-party software and development tools from third parties in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or it may be difficult or costly to replace. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties. In addition, if the third-party software we utilize has errors or otherwise malfunctions, the functionality of our solutions may be negatively impacted and our business may suffer.

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Increasingly complex data protection and privacy regulations are burdensome, may reduce demand for our solutions, and non-compliance may impose significant liabilities.

Our customers use our solutions to collect, use, process and store personal data or identifying information regarding their employees and the medical professionals with whom our customers have contact, and, potentially, personal data (including potentially sensitive data such as health information) regarding patients maintained by our customers pursuant to clinical, operational or compliance processes. In this capacity, we act as the data processor. We also collect and sell a database, via our OpenData and KOL Data solutions, for which we are the data controller. In many countries, national and local governmental bodies have adopted, are considering adopting, or may adopt laws and regulations regarding the collection, use, processing, storage and disclosure of personal information obtained from individuals, making compliance a complex task.

In the United States, for instance, the U.S. Department of Health and Human Services promulgated patient privacy rules under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, that protect medical records and other personal health information by limiting their use and disclosure, giving individuals the right to access, amend, and seek accounting of their own health information and limiting most use and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purposes. Operating under one of the world's strictest data privacy regimes, Veeva is a registered Data Controller and Data Processor under EU Data Protection Directive 95/46/EC. We are in the process of significant data compliance and change management undertaking in order to prepare for the General Data Protection Regulation (GDPR) reform, which will enter into force on May 25, 2018. In light of the Brexit vote, there may be some overlap between the GDPR coming into force and the United Kingdom leaving the European Union; however, the United Kingdom’s Information Commissioner’s Office (ICO) has publicly stated that the UK will adopt GDPR into national law. We currently operate a data center in the United Kingdom that is used to provide our solutions to many of our European customers. Despite the ICO’s statements which decrease this risk, potential regulatory changes regarding the transfer of EU data to the United Kingdom could adversely affect our customers’ ability or desire to collect, use, process and store personal or health-related information using our data center in the United Kingdom, which could reduce demand for our solutions.

In addition, we routinely utilize the EU Standard Contractual Clauses, often also referred to as Model Clauses, to ensure that our European customers have adequate assurance of our technical and organization controls on privacy, although this legal mechanism is currently under review by the European Court of Justice. In parallel, we self-certified with the U.S. Department of Commerce under the EU-U.S. Privacy Shield as of December 12, 2016 as a replacement to the now invalid EU-U.S. Safe Harbor framework as another means to legally facilitate international data transfers. Finally, there is also a trend toward countries enacting data localization requirements which are not particularly compatible with the cloud computing model. For example, Russia's localization law (Federal Law No. 242-FZ) requires that the source of data for Russian nationals collected on Russian territory must be stored in Russia.

Customers expect that our solutions can be used in compliance with such laws and regulations. The functional and operational requirements and costs of compliance with such laws and regulations may adversely impact our business, and failure to enable our solutions to comply with such laws and regulations could lead to significant fines and penalties imposed by regulators, as well as claims by our customers or third parties. Additionally, all of these domestic and international legislative and regulatory initiatives could adversely affect our customers’ ability or desire to collect, use, process and store personal or health-related information using our solutions or to license data products from us, which could reduce demand for our solutions.

Deferred revenue and change in deferred revenue may not be an accurate indicator of our future financial results.

Our subscription orders are generally billed beginning at the subscription commencement date in annual or quarterly increments. Many of our customers, including many of our large customers, are billed on a quarterly basis and therefore a substantial portion of the value of contracts billed on a quarterly basis will not be reflected in our deferred revenue at the end of any given quarter. Also, because the terms of orders for additional end users or solutions are typically coterminus with the anniversary date of the initial order for a related solution, the terms of such orders for additional end users or solutions can be for relatively short periods of time, often less than one year and payment terms may also be quarterly. Therefore, the annualized value of such orders that we enter into with our customers will not be completely reflected in deferred revenue at any single point in time. We have also agreed from time to time and may agree in the future to allow customers to change the renewal dates of their orders to, for example, align more closely with a customer's annual budget process or to align with the renewal dates of other orders placed by other entities within the same corporate control group, or to change payment terms from annual to quarterly, or vice versa. Such changes typically result in an order of less than one year as necessary to align all orders to the desired renewal date and, thus, may result in a lesser increase to deferred revenue than if the renewal date adjustment had not occurred. Additionally, if a coterminus order of less than one year renews in the same fiscal year in which it was originally signed and has annual billing terms, the order will generate more deferred revenue in that fiscal year than the annual contract value of that order. Accordingly, we do not believe that change in deferred revenue or calculated billings, a metric commonly cited by financial analysts that is the sum of the change in deferred revenue plus revenue, are accurate indicators

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of future revenues for any given period of time. However, many companies that provide cloud-based software report changes in deferred revenue or calculated billings as key operating or financial metrics, and it is possible that analysts or investors may view these metrics as important. Thus, any changes in our deferred revenue balances or deferred revenue trends could adversely affect the market price of our Class A common stock.

Because we recognize subscription services revenues ratably over the term of the order for our subscription services, a significant downturn in our business may not be reflected immediately in our operating results, which increases the difficulty of evaluating our future financial performance.

We generally recognize subscription services revenues ratably over the term of an order under our subscription agreements. As a result, a substantial majority of our quarterly subscription services revenues are generated from subscription agreements entered into during prior periods. Consequently, a decline in new subscriptions in any quarter may not affect our results of operations in that quarter, but could reduce our revenues in future quarters. Additionally, the timing of renewals or non-renewals of a subscription agreement during any quarter may only affect our financial performance in future quarters. For example, the non-renewal of a subscription agreement late in a quarter will have minimal impact on revenues for that quarter but will reduce our revenues in future quarters. Accordingly, the effect of significant declines in sales and customer acceptance of our solutions may not be reflected in our short-term results of operations, which would make these reported results less indicative of our future financial results. By contrast, a non-renewal occurring early in a quarter may have a significant negative impact on revenues for that quarter and we may not be able to offset a decline in revenues due to non-renewal with revenues from new subscription agreements entered into in the same quarter. In addition, we may be unable to adjust our costs in response to reduced revenues.

Our financial results may be adversely affected by changes in accounting principles applicable to us.

We prepare our financial statements in accordance with U.S. GAAP which are subject to interpretation or changes by the Financial Accounting Standards Board, or FASB, the Securities and Exchange Commission, or SEC, and other various bodies formed to promulgate and interpret appropriate accounting principles. New accounting pronouncements and changes in accounting principles have occurred in the past and are expected to occur in the future which may have a significant effect on our financial results. For example, in May 2014, the FASB issued Accounting Standards Update 2014-09, “Revenue from Contracts with Customers (Topic 606),” which supersedes most current revenue recognition guidance, including industry-specific guidance. We will be required to implement this new revenue standard for our fiscal year beginning February 1, 2018. We expect that implementation will require a significant amount of time and effort from our finance organization and that we will an incur additional audit fees in connection with implementation. Any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors’ confidence in us.

Sales to customers outside the United States or with international operations expose us to risks inherent in international sales.

In our fiscal year ended January 31, 2017, sales to customers outside North America, which is primarily measured by the estimated location of the end users for subscription services revenues and the estimated location of the resources performing the services for professional services, accounted for approximately 45% of our total revenues. A key element of our growth strategy is to further expand our international operations and worldwide customer base. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those in the United States. We have limited operating experience in some international markets, and we cannot assure you that our expansion efforts into other international

markets will be successful. Our experience in the United States and other international markets in which we already have a presence may not be relevant to our ability to expand in other emerging markets. Our international expansion efforts may not be successful in creating further demand for our solutions outside of the United States or in effectively selling our solutions in the international markets we enter. In addition, we face risks in doing business internationally that could adversely affect our business, including:

- the need and expense to localize and adapt our solutions for specific countries, including translation into foreign languages, and ensuring that our solutions enable our customers to comply with local life sciences industry laws and regulations;
- data privacy laws which require that customer data be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations, including employee laws and regulations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;

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- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection and anti-bribery laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- our ability to repatriate funds from abroad without adverse tax consequences;
- adverse tax consequences, including the potential for required withholding taxes;
- fluctuations in the exchange rates of foreign currency in which our foreign revenues or expenses may be denominated;
- changes in trade relations and trade policy, including implementation of or changes to trade sanctions, tariffs, and embargos; and
- unstable regional and economic political conditions in the markets in which we operate.

Some of our business partners also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks, which could adversely affect our business.

We are subject to governmental export and import controls that could impair our ability to compete in international markets in which our products may not be sold or subject us to liability if we violate the controls.

Our products are subject to U.S. export controls, including the U.S. economic sanctions laws and regulations that prohibit the shipment of certain products and services without the required export authorizations or export to countries, governments, and persons targeted by U.S. sanctions. Under current U.S. export restrictions, our products may not be sold in certain jurisdictions in which certain of our non-U.S. based customers have operations. As a result, such customers may choose to use solutions other than ours. While we take precautions to prevent our products and services from being exported in violation of these laws, we cannot guarantee that the precautions we take will prevent violations of export control and sanctions laws. Violations of U.S. sanctions or export control laws can result in fines or penalties. In the event of criminal knowing and willful violations of these laws, fines and possible incarceration for responsible employees and managers could be imposed.

If we lose the services of our founder and Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy.

Our success depends in a large part upon the continued service of our senior management team. In particular, our founder and Chief Executive Officer, Peter P. Gassner, is critical to our vision, strategic direction, culture, products and technology. We do not maintain key-man insurance for Mr. Gassner or any other member of our senior management team. We do not have employment agreements with members of our senior management team or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of our founder and Chief Executive Officer or one or more other members of our senior management team could have an adverse effect on our business.

Our business could be adversely affected if our customers are not satisfied with the professional services provided by us or our partners, or with our technical support services.

Our business depends on our ability to satisfy our customers, both with respect to our solutions and the professional services that are performed in connection with the implementation of our solutions. Professional services may be performed by us, by a third party, or by a combination of the two. If a customer is not satisfied with the quality of work performed by us or a third party or with the solutions delivered or professional services rendered, then we could incur additional costs to address the situation, we may be required to issue credits or refunds for pre-paid amounts related to unused services, the profitability of that work might be impaired and the customer's dissatisfaction with our services could damage our ability to expand the number of solutions subscribed to by that customer. Moreover, negative publicity related to our customer relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers.

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Once our solutions are deployed, our customers depend on our support organization to resolve technical issues relating to our solutions. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support services. Increased customer demand for our services, without corresponding revenues, could increase costs and adversely affect our operating results. In addition, our sales process is highly dependent on the reputation of our solutions and business and on positive recommendations from our existing customers. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers and our business and operating results.

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend in part upon our intellectual property. We have filed applications for a number of patents, and currently, we have only six issued U.S. and two Japanese patents. We rely primarily on copyright, trade secret and trademark laws, trade secret protection and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Negative publicity related to a decision by us to initiate such enforcement actions against a customer or former customer, regardless of its accuracy, may adversely impact our other customer relationships or prospective customer relationships, harm our brand and business and could cause the market price of our Class A common stock to decline. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and our business.

Our solutions utilize open source software, and any failure to comply with the terms of one or more of these open source licenses could adversely affect our business.

Our solutions include software covered by open source licenses. The terms of various open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our solutions. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a certain manner. In the event that portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our solutions, or otherwise be limited in the licensing of our solutions, each of which could reduce or eliminate the value of our solutions and services. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect our business.

Our estimate of the market size for our solutions we have provided publicly may prove to be inaccurate, and even if the market size is accurate, we cannot assure you our business will serve a significant portion of the market.

Our estimate of the market size for our solutions that we have provided publicly, sometimes referred to as total addressable market or TAM, is subject to significant uncertainty and is based on assumptions and estimates, including our internal analysis and industry experience, which may not prove to be accurate. These estimates are, in part, based upon the size of the general application areas in which our solutions are targeted. Our ability to serve a significant portion of this estimated market is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. For example, in order to address the entire TAM we have identified, we must continue to enhance and add functionality to our existing solutions and introduce new solutions. Accordingly, even if our estimate of the market size is accurate, we cannot assure you that our business will serve a significant portion of this estimated market for our solutions.

If we are unable to implement and maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be adversely affected.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act) requires that we evaluate and determine the effectiveness of our internal controls over financial reporting and provide a management report on internal controls over financial reporting. The Sarbanes-Oxley Act also requires that our management report on internal controls over financial reporting be attested to by our independent registered public accounting firm.

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Many of the internal controls we have implemented pursuant to the Sarbanes-Oxley Act are process controls with respect to which a material weakness may be found whether or not any error has been identified in our reported financial statements. This may be confusing to investors and result in damage to our reputation, which may harm our business. Additionally, the proper design and assessment of internal controls over financial reporting are subject to varying interpretations, and, as a result, application in practice may evolve over time as new guidance is provided by regulatory and governing bodies and as common practices evolve. This could result in continuing uncertainty regarding the proper design and assessment of internal controls over financial reporting and higher costs necessitated by ongoing revisions to internal controls.

We must continue to monitor and assess our internal control over financial reporting. As disclosed in Item 9B of this annual report on Form 10-K, our management has concluded that our internal control over financial reporting is effective as of January 31, 2017, which report has been attested to by our independent registered public accounting firm. If in the future we have additional material weaknesses, we may not detect errors on a timely basis and our financial statements may be materially misstated. Additionally, if in the future we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, are unable to assert that our internal controls over financial reporting are effective, identify material weaknesses in our internal controls over financial reporting, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar transactional taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

We do not collect sales and use, value added and similar transactional taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable or that we are not required to collect such taxes with respect to the jurisdiction. Sales and use, value added and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest or future requirements may adversely affect our results of operations. We believe that our financial statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard.

Unanticipated changes in our effective tax rate, including as a result of our international operations, could harm our future results.

We are subject to income taxes in the United States and various foreign jurisdictions (including Australia, Belgium, Brazil, Canada, China, France, Germany, Hungary, India, Israel, Italy, Japan, Singapore, South Korea, Spain, Switzerland, Thailand, Ukraine and the United Kingdom) and our domestic and international tax liabilities are subject to the allocation of expenses in differing jurisdictions and complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Tax rates in the jurisdictions in which we operate may change as a result of factors outside of our control or relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. In addition, changes in tax laws, treaties or regulations, or their interpretation or enforcement, have become more unpredictable and may become more stringent, which could materially adversely affect our tax position. Forecasting our estimated annual effective tax rate is complex and subject

to uncertainty, and there may be material differences between our forecasted and actual tax rates. Our effective tax rate could be adversely affected by changes in the mix of earnings and losses in countries with differing statutory tax rates, certain non-deductible expenses as a result of acquisitions, the valuation of deferred tax assets and liabilities, adjustments to income taxes upon finalization of tax returns, changes in available tax credits, decision to repatriate non-U.S. earnings for which we have not previously provided for U.S. taxes, and changes in federal, state or international tax laws and accounting principles. In addition, because substantially all of our intellectual property resides in the United States and is licensed through our parent U.S. entity, our effective tax rate may be higher than other companies that maintain and license intellectual property from outside the United States. Increases in our effective tax rate would reduce our profitability or in some cases increase our losses.

The overall tax environment has made it increasingly challenging for multinational corporations to operate with certainty about taxation in many jurisdictions. The Organization for Economic Co-operation and Development, which represents a coalition of member countries, is supporting changes to numerous long-standing tax, including changes to the practice of shifting profits among affiliated entities located in different tax jurisdictions. Furthermore, a number of countries where we do business, including the United States and many countries in the European Union, are considering changes in relevant tax, accounting and other laws, regulations and interpretations, including changes to tax laws applicable to multinational corporations. The increasingly complex global tax environment could have a material adverse effect on our effective tax rate, results of operations, cash flows and financial condition.

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In addition, we may be subject to income tax audits by many tax jurisdictions throughout the world. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution of one or more uncertain tax positions in any period could have a material impact on the results of operations for that period.

If we fail to develop widespread brand awareness cost-effectively, our business may suffer.

We believe that developing and maintaining widespread awareness of our brand in a cost-effective manner is critical to achieving widespread acceptance of our solutions, attracting new customers, and generating and maintaining profitability. Currently, our brand may be less recognized by the key decision makers at the potential customers for our more recently announced solutions, including Veeva Vault CTMS, Veeva Vault EDC and our solutions for companies in industries other than life sciences. Brand promotion activities may not generate customer awareness or increase revenues, and even if they do, any increase in revenues may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses attempting to promote and maintain our brand, we may fail to attract or retain customers necessary to realize a sufficient return on our brand-building efforts or to achieve the widespread brand awareness that is critical for broad customer adoption of our solutions.

We have incurred and will continue to incur significantly increased costs and devote substantial management time as a result of operating as a public company.

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC and the New York Stock Exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Compliance with these requirements has increased our legal and financial compliance costs and has made some activities more time consuming and costly. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our management and other personnel may need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we are incurring and expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. Although we have hired additional employees to comply with these requirements, we may need to hire more accounting, legal and financial staff in the future with appropriate public company experience and technical accounting knowledge to meet these requirements. We cannot accurately predict or estimate the amount or timing of additional costs we may incur as a result of becoming a public company. Further, if our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Additional compensation costs and potential future equity awards may be required to properly compensate our executives and directors as a result of the personal liability that goes with public company status. Any such costs or

awards will increase our compensation expenses, which would increase our general and administrative expense and could adversely affect our profitability. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance on reasonable terms. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees or as executive officers.

Currency exchange fluctuations may negatively impact our financial results.

Some of our international agreements provide for payment denominated in local currencies, and the majority of our local costs are denominated in local currencies. As we continue to expand our operations in countries outside the United States, an increasing proportion of our revenues and expenditures in the future may be denominated in foreign currencies. Fluctuations in the value of the U.S. dollar and foreign currencies may impact our operating results when translated into U.S. dollars. Thus, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling, Japanese Yen and Chinese Yuan, and may be adversely affected in the future due to changes in foreign currency exchange rates, particularly in light of the Brexit vote and other recent political developments. Changes in exchange rates may negatively affect our revenues and other operating results as expressed in U.S. dollars in the future. Further, we have experienced and will continue to experience fluctuations in our net income as a result of transaction gains or losses related to revaluing certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

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We have recently initiated a program during our fiscal year ending January 31, 2018 to engage in the hedging of our foreign currency transactions and may, in the future, hedge selected significant transactions or net monetary exposure positions denominated in currencies other than the U.S. dollar. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

If the market for cloud-based solutions develops more slowly than we expect or declines, our revenues could decrease and our business could be adversely affected.

The market for cloud-based solutions is not as mature as the market for on-premise enterprise software in the life sciences and other regulated industries, and it is uncertain whether cloud-based solutions will sustain high levels of customer demand and market acceptance in these industries. The continued expansion of cloud-based solutions, particularly in the life sciences industry, depends on a number of factors, including the cost, performance and perceived value associated with cloud-based solutions, as well as the ability of providers of cloud-based solutions to address and maintain security, privacy and unique regulatory requirements or concerns. If we or other cloud-based solution providers experience security incidents, loss of customer data, disruptions in delivery or other problems, the market for cloud-based solutions in the life sciences industry, including our solutions, may be adversely affected. If cloud-based solutions do not continue to achieve more widespread adoption in the life sciences industry, or there is a reduction in demand for cloud-based solutions, our revenues could decrease and our business could be adversely affected.

Risks Related to Ownership of Our Class A Common Stock

Our Class A common stock price has been and will likely continue to be volatile.

The trading price of our Class A common stock has been and will likely continue to be volatile for the foreseeable future. Since shares of our Class A common stock were sold in our initial public offering in October 2013 at a price of $20.00 per share, our stock price has ranged from $17.11 to $51.48 through March 28, 2017. In addition, the trading prices of the securities of technology companies in general have been highly volatile. Accordingly, the market price of our Class A common stock is likely to be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. In addition to those risks described in this “Risk Factors” section, there are many other risks that could impact the value of our common stock, including:

- fluctuations in the valuation of companies perceived by investors to be comparable to us or in valuation metrics, such as our price to revenues ratio or price to earnings ratio;
- overall performance of the equity markets;
- the net increases in the number of customers, either independently or as compared with published expectations of industry, financial or other analysts that cover us;
- changes in our other financial, operational or other metrics, regardless of whether we regard those as metrics that reflect the current state of or longer-term prospects of our business;
- changes in the estimates of our operating results or changes in recommendations by securities analysts that elect to follow our Class A common stock;
- announcements of technological innovations, new solutions or enhancements to services, strategic alliances or significant agreements by us or by our competitors;
- announcements by us or by our competitors of mergers or other strategic acquisitions or rumors of such transactions involving us or our competitors;

- announcements of customer additions and customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel;
- the economy as a whole, market conditions in our industry and the industries of our customers;
    - macroeconomic and geopolitical factors and instability and volatility in the global financial markets;
- trading activity by a limited number of stockholders who together beneficially own a majority of our outstanding Class A common stock;
- the operating performance and market value of other similar companies;
- changes in legislation relating to our existing or future solutions;

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- the size of our market float; and
- any other factors discussed herein.

In addition, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the market price of our Class A common stock could decline for reasons unrelated to our business, operating results or financial condition. The market price of our Class A common stock might also decline in reaction to events that affect other companies within, or outside, our industry even if these events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been the subject of securities class action litigation. If we are the subject of such litigation, it could result in substantial costs and a diversion of our management's attention and resources.

The dual class structure of our common stock has the effect of concentrating voting control with our executive officers (including our Chief Executive Officer) and directors and their affiliates; this will limit or preclude the ability of our investors to influence corporate matters.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of January 31, 2017, stockholders who hold shares of Class B common stock, including our executive officers and directors and their affiliates, together hold approximately 76.7% of the voting power of our outstanding capital stock. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively control a substantial majority of the combined voting power of our common stock and, assuming no material sales of such shares, will be able to control all matters submitted to our stockholders for approval until October 15, 2023, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction. This concentrated control will limit or preclude our investors' ability to influence corporate matters for the foreseeable future. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock or may adversely affect the market price of our Class A common stock.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, our executive officers (including our Chief Executive Officer), employees, directors and their affiliates retain a significant portion of their holdings of Class B common stock for an extended period of time, they could, in the future, continue to control a majority of the combined voting power of our Class A common stock and Class B common stock.

We have broad discretion in the use of our cash balances and may not use them effectively.

We have broad discretion in the use of our cash balances and may not use them effectively. The failure by our management to apply these funds effectively could adversely affect our business and financial condition. Pending their use, we may invest the net proceeds from any future securities offerings in a manner that does not produce income or that loses value. Our investments may not yield a favorable return to our investors and may negatively impact the price of our Class A common stock.

We do not intend to pay dividends on our capital stock for the foreseeable future, so any returns will be limited to changes in the value of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. In addition, our ability to pay cash dividends on our capital stock may be prohibited or limited by the terms of any future debt financing arrangement. Any return to stockholders will therefore be limited to the increase, if any, of the price of our Class A common stock.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause the stock price of our Class A common stock to decline.

In the future, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. We expect to issue securities to employees and directors pursuant to our equity incentive plans. If we sell common stock, convertible securities or other equity securities in subsequent transactions, or common stock is issued pursuant to equity incentive plans, our investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our common stock, including our Class A common.

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Sales of a substantial number of shares of our common stock in the public market, or the perception that they might occur, could cause the price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline or make it more difficult for you to sell your common stock at a time and price that you deem appropriate and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, or the perception that our shares may be available for sale, will have on the prevailing market price of our Class A common stock.

In addition, as of January 31, 2017, we had options outstanding that, if exercised, would result in the issuance of additional shares of Class A or Class B common stock. Our Class B common stock converts into Class A common stock on a one-for-one basis. As of January 31, 2017, we had restricted stock units outstanding which may vest in the future and result in the issuance of additional shares of Class A common stock. Our unexercised stock options and unvested restricted stock units, as of January 31, 2017, are described in note 10 of the notes to our condensed consolidated financial statements. All of the shares of Class A common stock issuable upon the exercise of options (or upon conversion of shares of Class B common stock issued upon the exercise of options) or upon the vesting of restricted stock units have been registered for public resale under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

If securities or industry analysts do not continue to publish research or if they publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If industry analysts cease coverage of us or additional industry analysts do not initiate coverage of us, the trading price for our Class A common stock may be adversely affected. In addition, the stock prices of many companies in the high technology industry have declined significantly after those companies have failed to meet, or often times significantly exceed, the financial guidance publicly announced by the companies or the expectations of analysts. If our financial results fail to meet (or possibly significantly exceed) our announced guidance or the expectations of analysts or public investors, analysts could downgrade our common stock or publish unfavorable research about us. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, our Class A common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

Provisions in our restated certificate of incorporation and amended and restated bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our Class A common stock.

Our restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the market price of our Class A common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions among other things:

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

provide for a dual class common stock structure, which gives our Chief Executive Officer, directors, executive officers, greater than 5% stockholders and their respective affiliates the ability to control the outcome of all matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock;

- permit the board of directors to establish the number of directors;
- provide that directors may only be removed "for cause" and only with the approval of 66 2/3% of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;

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- provide that the board of directors is expressly authorized to make, alter or repeal our amended and restated bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on merger, business combinations and other transactions between us and holders of 15% or more of our common stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage these types of lawsuits. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

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ITEM 1B. UNRESOLVED STAFF COMMENTS
None.

ITEM 2. PROPERTIES
We own our Pleasanton, California corporate headquarters, which currently accommodates our principal executive, development, engineering, marketing, business development, employee success, finance, legal, information technology and administrative activities. We expect that our corporate headquarters will support the overall growth of our business for the next few years.

We also lease offices in San Francisco and San Carlos, California; Princeton, New Jersey; New York, New York; Hilliard, Ohio; Fort Washington and Radnor, Pennsylvania; Australia; Brazil; Canada; China; France; Germany; Hungary; India Japan; Korea; Mexico; Singapore; Spain; Thailand and the United Kingdom. We expect to expand our facilities capacity in certain field locations during our fiscal year ending January 31, 2018. We may further expand our facilities capacity after January 31, 2018 as our employee base grows. We believe that we will be able to obtain additional space on commercially reasonable terms.

ITEM 3. LEGAL PROCEEDINGS
Criterion Capital Section 16(b) Matter Seeking Disgorgement Short-swing Profits on Behalf of Veeva.

On June 24, 2015, a purported stockholder filed a complaint pursuant to Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act") in the U.S. District Court for the Southern District of New York against Criterion Capital Management, LLC, Criterion Capital Partners Master Fund, L.P., Criterion Capital Partners Master Fund GP, Ltd., Criterion Horizons Master Fund, L.P., Criterion Horizons Master Fund GP, Ltd., Criterion Vista Master Fund GP, L.P., Christopher H. Lord, David Riley, Tomoko Fortune (the "Criterion Defendants"), and Veeva Systems Inc. as nominal defendant (Greenfield v. Criterion Capital Mgmt., LLC et al. (15-CV-4937)). Thereafter, on August 3, 2015, the case was transferred to the U.S. District Court for the Northern District of California (15-CV-3583).

The action is purportedly brought on behalf of us and alleges that between March and December 2014 and in 2015, the Criterion Defendants purchased and sold our securities which resulted in illicit profits that are allegedly subject to disgorgement under the short-swing trading proscriptions in Section 16(b) of the Exchange Act. Due to the alleged failure by the Criterion Defendants to comply with their reporting obligations under the Exchange Act, the complaint does not specify the precise amount of alleged trades subject to disgorgement, other than estimating that the amount of profits in 2014 subject to disgorgement is "in excess of $10 million." The complaint seeks disgorgement of any and all short-swing profits on behalf of us, plus attorneys' fees and expenses. The complaint does not seek damages of any kind from us.

On December 9, 2015, the purported stockholder filed an amended complaint. On February 1, 2016, the Criterion Defendants filed a motion to dismiss the amended complaint, which the Court granted in part on July 5, 2016. On July 29, 2016, the purported stockholder filed a second amended complaint. On September 21, 2016, the Criterion

Defendants moved to dismiss the second amended complaint and a hearing on the motion to dismiss was held on December 7, 2016. The Court has not yet ruled on the Criterion Defendants' motion to dismiss. Pursuant to Court order, we are not required to answer the complaint until after the Court has ruled on the Criterion Defendants' motion to dismiss.

We have engaged counsel to monitor the claims against the Criterion Defendants.

IMS Litigation Matter.

IMS's Complaint Alleging Theft of Trade Secrets. On January 10, 2017, Quintiles IMS Incorporated and IMS Software Services, Ltd. (collectively, "IMS") filed a complaint against us in the U.S. District Court for the District of New Jersey (Quintiles IMS Inc. v. Veeva Systems Inc. (No. 2:17-cv-00177)). In the complaint, IMS alleges that we have used unauthorized access to proprietary IMS data to improve our software and data products, and that our software is designed to steal IMS trade secrets. IMS further alleges that we have intentionally gained unauthorized access to IMS proprietary information to gain an unfair advantage in marketing our products, and that we have made false statements concerning IMS's conduct and our data security capabilities. IMS asserts claims under both federal and state theft of trade secret laws, federal false advertising law, and common law claims for unjust enrichment, tortious interference, and unfair trade practices. The complaint seeks declaratory and injunctive relief and unspecified monetary damages.

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While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, and we are unable to make a meaningful estimate of the amount or range of loss, if any, that could result from any unfavorable outcome, we believe that IMS's claims lack merit. We have retained outside counsel, and we have begun vigorously defending ourselves against IMS's lawsuit.

On March 13, 2017, we filed our Answer and Counterclaims to IMS's complaint, a motion to dismiss all of IMS's claims except for those asserted under the Lanham Act, and a motion to transfer the case to the U.S. District Court for the Northern District of California under 14 U.S.C. § 1404(a).

The Court has not yet ruled on our motion to dismiss or motion to transfer. Discovery has not yet begun, no case management schedule has been set, and no trial date has been set.

Veeva's Counterclaim Complaint Alleging Violations of Federal and State Antitrust Laws. On March 13, 2017, we filed counterclaims in the action instituted by IMS in the U.S. District Court for the District of New Jersey.

Our counterclaims allege that IMS has abused monopoly power as the dominant provider of data products for life sciences companies to exclude Veeva OpenData and Veeva Network from their respective markets. The counterclaims allege that IMS has engaged in various tactics to prevent customers from using our applications and has deliberately raised costs and difficulty for customers attempting to switch from IMS to our data products.

The counterclaims assert federal and state antitrust claims, as well as claims under California's Unfair Practices Act and common law claims for intentional interference with contractual relations and intentional interference with prospective economic advantage. The counterclaims seek injunctive relief, monetary damages exceeding $200 million, and attorneys' fees.

IMS's responsive pleading is due April 17, 2017.

Medidata Litigation Matter.

On January 26, 2017, Medidata Solutions, Inc. filed a complaint in the U.S. District Court for the Southern District of New York (Medidata Solutions, Inc. v. Veeva Systems Inc. et al. (No. 1:17-cv-00589)) against us and five individual Veeva employees who previously worked for Medidata ("Individual Employees"). The Complaint alleged that we induced and conspired with the Individual Employees to breach their employment agreements, including non-compete and confidentiality provisions, and to misappropriate Medidata's confidential and trade secret information. The Complaint sought declaratory and injunctive relief, unspecified monetary damages, and attorneys' fees.

While it is not possible at this time to predict with any degree of certainty the ultimate outcome of this action, and we are unable to make a meaningful estimate of the amount or range of loss, if any, that could result from any unfavorable outcome, we believe that Medidata's claims lack merit. We have retained outside counsel, and we have begun vigorously defending ourselves against Medidata's lawsuit.

On February 21, 2017, we notified Medidata by letter of our intent to compel arbitration and stay the action. On February 21, 2017, Medidata and its subsidiary MDSOL Europe Limited (collectively, "Medidata") filed a First Amended Complaint asserting the same allegations and claims. On March 1, 2017, Medidata voluntarily dismissed the Individual Defendants without prejudice. On March 3, 2017, we filed a motion to compel the entire matter to private arbitration, which Medidata opposed. The motion is still pending before the Court.

From time to time, we may be involved in other legal proceedings and subject to claims incident to the ordinary course of business. Although the results of such legal proceedings and claims cannot be predicted with certainty, we believe we are not currently a party to any other legal proceedings, the outcome of which, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial position. Regardless of the outcome, such proceedings can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II.

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

Market Price of Class A Common Stock

Our Class A common stock has been listed on the New York Stock Exchange under the symbol "VEEV" since October 16, 2013, the date of our initial public offering (IPO). Prior to that date, there was no public trading market for our Class A common stock.

The following table sets forth for the indicated periods the high and low closing sales prices of our Class A common stock as reported by the New York Stock Exchange.

	High	Low
Fiscal year ended January 31, 2017		
First quarter	$27.65	$20.61
Second quarter	$37.99	$26.71
Third quarter	$42.06	$37.31
Fourth quarter	$47.36	$37.54
Fiscal year ended January 31, 2016		
First quarter	$32.69	$24.26
Second quarter	$29.00	$26.31
Third quarter	$26.53	$22.83
Fourth quarter	$28.99	$23.06

There is no public trading market for our Class B common stock.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

Stockholders

As of January 31, 2017, we had 18 holders of record of our Class A common stock and 100 holders of record of our Class B common stock. The actual number of holders of Class A common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Recent Sales of Unregistered Securities

None.

Stock Performance Graph

This performance graph shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or incorporated by reference into any of our other filings under the Exchange Act or the Securities Act except to the extent we specifically incorporate it by reference into such filing.

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This chart compares the cumulative total return on our common stock with that of the S&P 500 Index and the S&P 1500 Application Software Index. The chart assumes $100 was invested at the close of market on October 16, 2013, which was our initial trading day, in the Class A common stock of Veeva Systems Inc., the S&P 500 Index and the S&P 1500 Application Software Index, and assumes the reinvestment of any dividends. Our offering price of our Class A common stock in our IPO, which had a closing stock price of $37.16 on October 16, 2013, was $20.00 per share. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

	10/16/2013	1/31/2014	1/31/2015	1/31/2016	1/31/2017
Veeva Systems Inc.	100.00	85.55	77.40	64.85	113.91
S&P 500	100.00	106.69	121.87	121.06	145.32
S&P 1500 Application Software Index	100.00	108.05	118.44	136.00	170.39

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ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with our audited consolidated financial statements and related notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this Form 10-K. The consolidated statement of income data for our fiscal years ended January 31, 2017, 2016 and 2015, and the selected consolidated balance sheet data as of January 31, 2017 and 2016 are derived from, and are qualified by reference to, the audited consolidated financial statements and are included in this Form 10-K. The consolidated statement of income data for fiscal years ended January 31, 2014 and 2013 and the consolidated balance sheet data as of January 31, 2015, 2014 and 2013 are derived from audited consolidated financial statements which, are not included in this Form 10-K.

	Fiscal Year Ended January 31,				
	2017	2016	2015	2014	2013
Consolidated Statements of Income Data:	(in thousands, except share data)				
Revenues:					
Subscription services	$434,316	$316,314	$233,063	$146,621	$73,280
Professional services and other	109,727	92,907	80,159	63,530	56,268
Total revenues	544,043	409,221	313,222	210,151	129,548
Cost of revenues[(1)]:					
Cost of subscription services	94,386	71,180	55,005	36,199	18,852
Cost of professional services and other	79,295	71,034	60,653	46,403	38,164
Total cost of revenues	173,681	142,214	115,658	82,602	57,016
Gross profit	370,362	267,007	197,564	127,549	72,532
Operating expenses[(1)]:					
Research and development	96,750	65,976	41,156	26,327	14,638
Sales and marketing	116,803	80,984	56,203	41,507	19,490
General and administrative	48,841	41,458	30,239	20,411	8,371
Total operating expenses	262,394	188,418	127,598	88,245	42,499
Operating income	107,968	78,589	69,966	39,304	30,033
Other income (expense), net	1,667	28	(2,780)	(804)	(940)
Income before income taxes	109,635	78,617	67,186	38,500	29,093
Provision for income taxes	40,831	24,157	26,803	14,885	10,310
Net income	$68,804	$54,460	$40,383	$23,615	$18,783
Net income attributable to Class A and Class B common stockholders, basic and diluted	$68,801	$54,413	$40,138	$10,405	$3,480
Net income per share attributable to Class A and Class B common stockholders:					
Basic	$0.51	$0.41	$0.31	$0.20	$0.17
Diluted	$0.47	$0.38	$0.28	$0.15	$0.11
Weighted-average shares used to compute earnings per share attributable to Class A and Class B common stockholders:					

Basic	135,698	132,020	127,713	51,725	20,887
Diluted	147,578	144,977	144,204	68,024	30,599

(1) Includes stock-based compensation as follows:

Cost of revenues:					
Cost of subscription services	$1,109	$563	$273	$118	$3
Cost of professional services and other	6,002	3,858	2,272	902	120
Research and development	11,937	7,249	3,844	1,700	238
Sales and marketing	13,271	6,861	3,221	1,788	140
General and administrative	8,479	5,727	4,715	2,442	214
Total stock-based compensation	$40,798	$24,258	$14,325	$6,950	$715

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	As of January 31,				
	2017	2016	2015	2014	2013
Consolidated Balance Sheet Data:	(in thousands)				
Cash and cash equivalents	$217,606	$132,179	$129,253	$262,507	$31,890
Short-term investments	301,266	214,024	268,620	25,625	14,276
Working capital	465,081	314,685	366,314	267,115	32,601
Deferred revenue	213,562	157,419	112,960	67,380	38,785
Total assets	917,700	705,799	544,890	370,308	89,820
Convertible preferred stock	—	—	—	—	6,933
Additional paid-in capital	440,677	361,691	317,881	231,534	2,101
Total stockholders' equity	652,978	505,249	406,833	280,096	33,966

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

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our "Selected Consolidated Financial Data" and our consolidated financial statements and notes thereto appearing elsewhere in this annual report on Form 10-K. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this annual report on Form 10-K, including those set forth under "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

Veeva is a leading provider of industry cloud solutions for the global life sciences industry. We were founded in 2007 on the premise that industry-specific cloud solutions could best address the operating challenges and regulatory requirements of the life sciences industry. Our products are designed to meet the unique needs of life sciences companies for their most strategic business functions—from research and development to commercialization. Our products are designed to help life sciences companies bring products to market faster and more efficiently, market and sell more effectively, and maintain compliance with government regulations.

Veeva Commercial Cloud, and in particular Veeva CRM, has made up the vast majority of our revenue historically. In our fiscal year ended January 31, 2017, we derived approximately 71% of our subscription services revenues and 68% of our total revenues from our Veeva Commercial Cloud solutions. The contribution of subscription services revenues and total revenues associated with our Veeva Vault solutions are expected to increase as a percentage of subscription services revenues and total revenues going forward. However, as compared to Veeva CRM, we have less experience selling Veeva Vault and certain applications within Veeva Commercial Cloud, including Veeva Network, our data offerings, and our newer multichannel customer relationship management applications. We are now extending our solutions to adjacent industries in North America and Europe, including manufacturing, both process and discrete, and highly regulated services of all types. Although certain of our Veeva Vault applications have begun to achieve meaningful market acceptance within the life sciences industry, to the extent that our more recently introduced solutions do not continue to achieve significant market acceptance, our business and results of operations may be adversely affected.

For our fiscal years ended January 31, 2017, 2016 and 2015, our total revenues were $544.0 million, $409.2 million and $313.2 million, respectively, representing year-over-year growth in total revenues of 33% in fiscal year ended January 31, 2017 and 31% in fiscal year ended January 31, 2016. For our fiscal years ended January 31, 2017, 2016 and 2015, our subscription services revenues were $434.3 million, $316.3 million and $233.1 million, respectively, representing year-over-year growth in subscription services revenues of 37% is fiscal year ended January 31, 2017 and 36% in fiscal year ended January 31, 2016. We expect the growth rate of our total revenues and subscription services revenues to decline in future periods. We generated net income of $68.8 million, $54.5 million and $40.4 million for our fiscal years ended January 31, 2017, 2016 and 2015, respectively. As of January 31, 2017, 2016 and 2015, we served 517, 400 and 276 customers, respectively. Our customer totals for each of our major solutions as of January 31, 2017, were 259 for Veeva CRM, 334 for Veeva Vault, 90 for Veeva OpenData, and 47 for Veeva Network. A single customer may be counted in more than one solution category if the customer has purchased multiple solutions. Many of our Veeva Vault applications are used by smaller, earlier stage pre-commercial companies, some of which may not reach the commercialization stage. Thus, the potential number of Veeva Vault customers is significantly higher than the potential number of customers that use our commercial solutions.

Additionally, in September 2015, we completed our acquisition of the companies referred to as “Zinc Ahead” in an all-cash transaction. We are incorporating functionality from the Zinc Ahead products into our Veeva Vault PromoMats application. We have begun to and will seek to continue to convert the end users of the Zinc Ahead solutions to our Vault PromoMats application over time. However, we may not retain and convert existing Zinc Ahead customers to our Vault PromoMats application to the extent we previously planned, which could adversely affect our business. Customers who elect to use Zinc Ahead’s Zinc MAPS product will be supported through at least 2020.

For a further description of our business and products, see “Business” above.

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Key Factors Affecting Our Performance

Investment in Growth. We have invested and intend to continue to invest aggressively in expanding the breadth and depth of our product portfolio. We expect to continue to invest in research and development, to expand existing solutions and build new solutions; in sales and marketing, to promote our solutions to new and existing customers and in existing and expanded geographies and industries; in professional services to ensure the success of our customers' implementations of our solutions; and in other operational and administrative functions to support our expected growth. We anticipate that our headcount will increase as a result of these investments. We also expect our total operating expenses will continue to increase over time, which could have a negative impact on our operating margin.

Adoption of Our Solutions by Existing and New Customers. Most of our customers initially deploy our solutions to a limited number of end users within a division or geography and may only initially deploy a limited set of our available solutions. Our future growth is dependent upon our existing customers' continued success and their renewals of subscriptions to our solutions, expanded deployment of our solutions within their organizations, and their purchase of subscriptions to additional solutions. Our growth is also dependent on the adoption of our solutions by new customers.

Subscription Services Revenue Retention Rate. A key factor to our success is the renewal and expansion of our existing subscription agreements with our customers. We calculate our annual subscription services revenue retention rate for a particular fiscal year by dividing (i) annualized subscription revenue as of the last day of that fiscal year from those customers that were also customers as of the last day of the prior fiscal year by (ii) the annualized subscription revenue from all customers as of the last day of the prior fiscal year. Annualized subscription revenue is calculated by multiplying the daily subscription revenue recognized on the last day of the fiscal year by 365. This calculation includes the impact on our revenues from customer non-renewals, expanded deployment of our solutions within their organizations, deployments of additional solutions or discontinued use of solutions by our customers, and price changes for our solutions. Historically, the impact of price changes on our subscription services revenue retention rate has been minimal. For our fiscal years ended January 31, 2017, 2016 and 2015, our subscription services revenue retention rate was 127%, 125% and 138%, respectively.

Mix of Subscription and Professional Services Revenues. We believe our investments in professional services have driven customer success and facilitated the further adoption of our solutions by our customers. During the initial period of deployment by a customer, we generally provide a greater amount of configuration, implementation and training than later in the deployment. At the same time, many of our customers have historically purchased subscriptions for a limited set of their total potential end users or less than full adoption during their initial deployments. As a result of these factors, the proportion of total revenues for a customer associated with professional services is relatively high during the initial deployment period. Over time, we have observed and continue to expect the mix of total revenues to shift more toward subscription services revenues. As a result, we expect the proportion of our total revenues from subscription services to increase over time.

Components of Results of Operations

Revenues

We derive our revenues primarily from subscription services fees and professional services fees. Subscription services revenues consist of fees from customers accessing our cloud-based software solutions and subscription or license fees for our data solutions. In addition, our acquired Zinc Ahead business had a limited number of perpetual license agreements with accompanying maintenance and hosting fees. We have included such on-going maintenance and hosting fees in our subscription services revenues. Professional services and other revenues consist primarily of fees

from implementation services, configuration, data services, training and managed services related to our solutions. For our fiscal year ended January 31, 2017, subscription services revenues constituted 80% of total revenues and professional services and other revenues constituted 20% of total revenues.

We enter into master subscription agreements with our customers and count each distinct master subscription agreement that has not terminated or expired and that has orders for which we have recognized revenue in a quarter as a distinct customer for purposes of determining our total number of current customers as of the end of that quarter. We generally enter into a single master subscription agreement with each customer, although in some instances, affiliated legal entities within the same corporate family may enter into separate master subscription agreements. Divisions, subsidiaries and operating units of our customers often place distinct orders for our subscription services under the same master subscription agreement, and we do not count such distinct orders as new customers for purposes of determining our total customer count. With respect to data services customers that have not purchased one of our software solutions, we count as a distinct customer the party to each agreement that has a known and recurring payment obligation. For purposes of determining our total customer count, we count each entity that uses a legacy Zinc Ahead product as a distinct customer if such entity is not otherwise a customer of ours.

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New subscription orders typically have a one-year term and automatically renew unless notice of cancellation is provided in advance. If a customer adds end users or solutions to an existing order, such additional orders will generally be coterminus with the anniversary date of the initial order, and as a result, orders for additional end users or solutions will commonly have an initial term of less than one year. Subscription orders are generally billed at the beginning of the subscription commencement date in annual or quarterly increments. Because the term of orders for additional end users or solutions is commonly less than one year and payment terms may also be quarterly, the annualized value of such orders that we enter into with our customers will not be completely reflected in deferred revenue at any single point in time. We have also agreed from time to time, and may agree in the future, to allow customers to change the renewal dates of their orders to, for example, align more closely with a customer's annual budget process or to align with the renewal dates of other orders placed by other entities within the same corporate control group, or to change payment terms from annual to quarterly, or vice versa. Such changes typically result in an order of less than one year as necessary to align all orders to the desired renewal date and, thus, may result in a lesser increase to deferred revenue than if the adjustment had not occurred. Additionally, if a coterminus order of less than one year renews in the same fiscal year in which it was originally signed and has annual billing terms, the order will generate more deferred revenue in that fiscal year than the annual contract value of that order. Accordingly, we do not believe that change in deferred revenue or calculated billings, a metric commonly cited by financial analysts that is the sum of the change in deferred revenue plus revenue, are accurate indicators of future revenues for any given period of time. More recently and with respect to solutions other than our core sales automation solution, we have begun to enter into orders with terms of up to five years. Such multi-year orders are billed in annual or quarterly increments.

Subscription services revenues are recognized ratably over the order term beginning when the solution has been provisioned to the customer. Our subscription services agreements are generally non-cancelable during the term, although customers typically have the right to terminate their agreements for cause in the event of material breach. Subscription services revenues are affected primarily by the number of customers, the number of end users (or other subscription usage metric) at each customer that uses our solutions and the number of solutions subscribed to by each customer.

We utilize our own professional services personnel and, in certain cases, third-party subcontractors to perform our professional services engagements with customers. Our professional services engagements are primarily billed on a time and materials basis and revenues are typically recognized as the services are rendered. Certain professional services revenues are based on fixed fee arrangements and revenues are recognized based on the proportional performance method. In some cases, the terms of our time and materials and fixed fee arrangements may require that we defer the recognition of revenue until contractual conditions are met. In those circumstances, revenue recognition may be sporadic, based upon the achievement of such contractual conditions. Professional services revenues are affected primarily by our customers' demands for implementation services, configuration, data services, training and managed services in connection with our solutions.

With respect to our acquired Zinc Ahead business, we have not established stand-alone value for professional services and, therefore, we account for multiple element arrangements as a combined unit of accounting. As a result, professional services revenues for our Zinc Ahead business, when delivered as part of a multiple-element arrangement, are generally recognized ratably over the term of the associated subscription services.

Cost of Revenues

Cost of subscription services revenues for all of our solutions consists of expenses related to third-party data centers, personnel related costs associated with hosting our subscription services and providing support, including our data stewards, operating lease expense associated with computer equipment and software and allocated overhead,

amortization expense associated with capitalized internal-use software related to our subscription services and amortization expense associated with purchased intangibles related to our subscription services. Cost of subscription services revenues for Veeva CRM and certain of our multichannel customer relationship management applications also include fees paid to salesforce.com, inc. for our use of the Salesforce1 Platform and the associated hosting infrastructure and data center operations that are provided by salesforce.com. We intend to continue to invest additional resources in our subscription services to enhance our product offerings and increase our delivery capacity. For example, we may add or expand third-party data center capacity in the future and continue to make investments in the availability and security of our solutions. The timing of when we incur these additional expenses will affect our cost of revenues in absolute dollars in the affected periods.

Cost of professional services and other revenues consists primarily of employee-related expenses associated with providing these services, including salaries, benefits and stock-based compensation expense, the cost of third-party subcontractors, travel costs and allocated overhead. The cost of providing professional services is significantly higher as a percentage of the related revenues than for our subscription services due to the direct labor costs and costs of third-party subcontractors.

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Operating Expenses

We accumulate certain costs such as building depreciation, office rent, utilities and other facilities costs and allocate them across the various departments based on headcount. We refer to these costs as “allocated overhead.”

Research and Development. Research and development expenses consist primarily of employee-related expenses and allocated overhead, offset by any internal-use software development costs capitalized during the same period. We continue to focus our research and development efforts on adding new features and applications, increasing the functionality and enhancing the ease of use of our cloud-based applications.

Sales and Marketing. Sales and marketing expenses consist primarily of employee-related expenses, sales commissions, marketing program costs, amortization expense associated with purchased intangibles related to our acquired customer contracts, customer relationships and brand, travel-related expenses and allocated overhead. Sales commissions and other program spend costs are expensed as incurred. Consequently, the recognition of this expense on our income statement generally precedes the recognition of the related revenue.

General and Administrative. General and administrative expenses consist of employee-related expenses for our executive, finance and accounting, legal, employee success, management information systems personnel and other administrative employees. In addition, general and administrative expenses include fees related to third-party legal counsel, fees related to third-party accounting, tax and audit services, acquisition-related transaction costs, other corporate expenses and allocated overhead.

Other Income (Expense), Net

Other income (expense), net consists primarily of transaction gains or losses on foreign currency, interest income and amortization of premiums paid on investments.

Provision for Income Taxes

Provision for income taxes consists of federal and state income taxes in the United States and income taxes in certain foreign jurisdictions. See note 9 of the notes to our consolidated financial statements.

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Results of Operations

The following tables set forth selected consolidated statements of operations data and such data as a percentage of total revenues for each of the periods indicated:

	Fiscal Year Ended January 31,		
	2017	2016	2015
	(in thousands)		
Consolidated Statements of Income Data:			
Revenues:			
Subscription services	$434,316	$316,314	$233,063
Professional services and other	109,727	92,907	80,159
Total revenues	544,043	409,221	313,222
Cost of revenues[(1)]:			
Cost of subscription services	94,386	71,180	55,005
Cost of professional services and other	79,295	71,034	60,653
Total cost of revenues			