

LogMeIn, Inc.
Form S-1/A
April 25, 2008

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As filed with the Securities and Exchange Commission on April 25, 2008

Registration No. 333-148620

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

**Amendment No. 2
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

LOGMEIN, INC.

(Exact name of registrant as specified in its charter)

Delaware

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

7372

*(Primary Standard Industrial
Classification Code Number)*

20-1515952

*(I.R.S. Employer
Identification Number)*

**500 Unicorn Park Drive
Woburn, Massachusetts 01801
(781) 638-9050**

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

**Michael K. Simon
Chairman, President and Chief Executive Officer
500 Unicorn Park Drive
Woburn, Massachusetts 01801
(781) 638-9050**

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

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Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller
reporting company)

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

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

Subject to Completion, dated April 25, 2008

PROSPECTUS

Shares

Common Stock

This is the initial public offering of common stock by LogMeIn, Inc. We are offering _____ shares of common stock.

The estimated initial public offering price is between \$ _____ and \$ _____ per share. Currently, no public market exists for the shares. We intend to apply to list our shares of common stock for quotation on The NASDAQ Global Market under the symbol LOGM.

Investing in our common stock involves risks. See Risk Factors beginning on page 8 of this prospectus.

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts	\$ _____	\$ _____
Proceeds to us (before expenses)	\$ _____	\$ _____

We have granted the underwriters a 30-day option to purchase up to an additional _____ shares from us on the same terms and conditions as set forth above if the underwriters sell more than _____ shares of common stock in this offering.

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

The underwriters expect to deliver the shares on or about _____, 2008.

Lehman Brothers

JPMorgan

, 2008

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, prospects, financial condition and results of operations may have changed since that date.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

Until _____, 2008, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the Risk Factors section of this prospectus and our consolidated financial statements and related notes appearing at the end of this prospectus, before making an investment decision.

Overview

LogMeIn is a leading provider of on-demand, remote-connectivity solutions to small and medium-sized businesses, or SMBs, IT service providers and consumers. Businesses and IT service providers use our solutions to deliver end-user support and to access and manage computers and other Internet-enabled devices more effectively and efficiently from a remote location, or remotely. Consumers and mobile workers use our solutions to access computer resources remotely, thereby facilitating their mobility and increasing their productivity. Our solutions, which are deployed and accessed from anywhere through a web browser, or on-demand, are secure, scalable and easy for our customers to try, purchase and use. Our paying customer base grew from approximately 52,000 premium accounts in December 2006 to approximately 98,000 premium accounts in December 2007.

We believe LogMeIn Free and LogMeIn Hamachi, our popular free services, provide on-demand remote access, or remote-connectivity, to computing resources for more users than any other on-demand connectivity service, giving us access to a diverse group of users and increasing awareness of our fee-based, or premium, services. Over 11 million registered users have connected over 32 million computers and other Internet-enabled devices to a LogMeIn service, and during the fourth quarter of 2007, the total number of devices connected to our service grew at an average of approximately 62,000 per day. We complement our free services with nine premium services that offer additional features and functionality. These premium services include LogMeIn Rescue and LogMeIn IT Reach, our flagship remote support and management services, and LogMeIn Pro, our premium remote access service. Sales of our premium services are generated through word-of-mouth referrals, web-based advertising, expiring free trials that we convert to paid subscriptions and direct marketing to new and existing customers.

We deliver each of our on-demand solutions as a service that runs on Gravity, our proprietary platform consisting of software and customized database and web services. Gravity establishes secure connections over the Internet between remote computers and other Internet-enabled devices and manages the direct transmission of data between remotely-connected devices. This robust and scalable platform connects over 6.2 million computers to our services each day.

We sell our premium services on a subscription basis at prices ranging from approximately \$40 to \$1,900 per year. During 2007, we completed over 230,000 transactions at an average transaction price of approximately \$160 and generated revenues of \$27.0 million, as compared to \$11.3 million for 2006, an increase of 139%.

Industry Background

Mobile workers, IT professionals and consumers save time and money by accessing computing resources remotely. Remote access allows mobile workers and consumers to use applications, manage documents and collaborate with others whenever and wherever an Internet connection is available. Remote-connectivity solutions also allow IT professionals to deliver support and management services to remote end users and computers and other Internet-enabled devices.

A number of trends are increasing the demand for remote-connectivity solutions:

Increasingly mobile workforce. Workers are spending less of their time in a traditional office environment and are increasingly telecommuting and traveling with Internet-enabled devices.

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Increasing use of IT outsourcing by SMBs. SMBs generally have limited internal IT expertise and IT budgets and are therefore increasingly turning to third-party service providers to manage the complexity of IT services at an affordable cost.

Growing adoption of on-demand solutions. By accessing hosted, on-demand solutions through a web browser, companies can avoid the time and costs associated with installing, configuring and maintaining IT support applications within their existing IT infrastructure.

Increasing need to support the growing number of Internet-enabled consumer devices. Consumer adoption of Internet-enabled devices is growing rapidly. Manufacturers, retailers and service providers struggle to provide cost-effective support for these devices and often turn to remote support and management solutions in order to increase customer satisfaction while lowering the cost of providing that support.

Proliferation of Internet-enabled mobile devices (smartphones). The rapid proliferation and increased functionality of smartphones is creating a growing need for remote support of these devices.

Our Solutions

Our solutions allow our users to remotely access, support and manage computers and other Internet-enabled devices on demand. We believe our solutions benefit users in the following ways:

Reduced set-up, support and management costs. Businesses easily set up our on-demand services with little or no modification to the remote location's network or security systems and without the need for upfront technology or software investment. In addition, our customers lower their support and management costs by performing management-related tasks remotely.

Increased mobile worker productivity. Our remote-access services allow non-technical users to access and control remote computers and other Internet-enabled devices, increasing their mobility and allowing them to remain productive while away from the office.

Increased end-user satisfaction. Our services enable help desk technicians to quickly and easily gain control of a remote user's computer. Once connected, the technician can diagnose and resolve problems while interacting with and possibly training the end user.

Reliable, fast and secure services. Our services possess built-in redundancy of servers and other infrastructure in three data centers, two located in the United States and one located in Europe. Our proprietary platform enables our services to connect and manage devices at enhanced speeds. Our services implement industry-standard security protocols and authenticate and authorize users of our services without storing passwords.

Easy to try, buy and use. Our services are simple to install, and our customers can use our services to manage their remote systems from any web browser. In addition, our low service delivery costs and hosted delivery model allow us to offer each of our services at competitive prices and to offer flexible payment options.

Our Competitive Strengths

We believe that the following competitive strengths differentiate us from our competitors and are key to our success:

Large established user community. Our large and growing community of users drives awareness of our services through personal recommendations, blogs and other online communication methods and provides us with a significant audience to which we can market and sell premium services.

Efficient customer acquisition model. We believe our free products and our large user base help generate word-of-mouth referrals, which in turn increases the efficiency of our paid marketing activities, the large majority of which are focused on pay-per-click search engine advertising.

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Technology-enabled cost advantage. Our patent-pending service delivery platform, Gravity, reduces our bandwidth and other infrastructure requirements, which we believe makes our services faster and less expensive to deliver as compared to competing services.

On-demand delivery. Delivering our services on-demand allows us to serve additional customers with little incremental expense and to deploy new applications and upgrades quickly and efficiently to our existing customers.

High recurring revenue and high transaction volumes. We believe that our sales model of a high volume of new and renewed subscriptions at low transaction prices increases the predictability of our revenues compared to perpetual license-based software businesses.

Growth Strategy

Our objective is to extend our position as a leading provider of on-demand, remote-connectivity solutions. To accomplish this, we intend to:

Acquire new customers. We seek to continue to attract new customers by aggressively marketing our solutions and encouraging trials of our services while expanding our sales force.

Increase sales to existing customers. We plan to continue upselling and cross-selling our broad portfolio of services to our existing customer base by actively marketing our portfolio of services through e-commerce and by expanding our sales force.

Continue to build our user community. We plan to grow our community of users by marketing our services through paid advertising to target prospective customers who are seeking remote-connectivity solutions and by continuing to offer our popular free services, LogMeIn Free and LogMeIn Hamachi.

Expand internationally. We intend to expand our international sales and marketing staff and increase our international marketing expenditures to take advantage of this opportunity.

Continue to expand our service portfolio. We intend to continue to invest in the development of new on-demand, remote-connectivity services for businesses, IT service providers and consumers. We also intend to extend our services to work with other types of Internet-connected devices.

Pursue strategic acquisitions. We plan to pursue acquisitions that complement our existing business, represent a strong strategic fit and are consistent with our overall growth strategy.

Intel Relationship

In December 2007, we entered into a service and marketing agreement with Intel Corporation to jointly develop a service that delivers connectivity to computers built with Intel components. Under the terms of this multi-year agreement, we intend to adapt our service delivery platform, Gravity, to work with specific technology delivered with Intel hardware and software products. The agreement provides that Intel will market and sell the services to its customers. Intel will pay a minimum license and service fee to us on a quarterly basis during the term of the agreement. In addition, we and Intel will share revenue generated by the use of the services by third parties to the extent it exceeds the minimum payments. In conjunction with this agreement, Intel Capital purchased 2,222,223 shares of our series B-1 redeemable convertible preferred stock for \$10.0 million.

Risks That We Face

You should carefully consider the risks described under the **Risk Factors** section and elsewhere in this prospectus. These risks could materially and adversely impact our business, financial condition, operating results and cash flow, which could cause the trading price of our common stock to decline and could result in a partial or total loss of your investment.

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Our Corporate Information

In February 2003, we incorporated under the laws of Bermuda. In August 2004, we completed a domestication in the State of Delaware under the name 3am Labs, Inc. We changed our name to LogMeIn, Inc. in March 2006. Our principal executive offices are located at 500 Unicorn Park Drive, Woburn, Massachusetts 01801, and our telephone number is (781) 638-9050. Our website address is www.logmein.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

Unless the context otherwise requires, the terms LogMeIn, our company, we, us and our in this prospectus refer to LogMeIn, Inc. and our subsidiaries on a consolidated basis.

Gravity, LogMeIn® Backup®, LogMeIn® Free®, LogMeIn® Hamachi®, LogMeIn® Ignition, LogMeIn® Rescue®, LogMeIn® Rescue+Mobile, LogMeIn® Pro®, LogMeIn® IT Reach® and RemotelyAnywhere® are trademarks or registered trademarks of LogMeIn, Inc. Other trademarks or service marks appearing in this prospectus are the property of their respective holders.

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THE OFFERING

Common stock offered	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	shares
Use of proceeds	We intend to use the net proceeds from this offering for working capital and other general corporate purposes, including the development of new services, sales and marketing activities and capital expenditures. We may also use a portion of the net proceeds for the acquisition of, or investment in, companies, technologies, services or assets that complement our business. Pending specific use of net proceeds as described in this prospectus, we intend to invest the net proceeds to us from this offering in short-term investment grade and U.S. government securities. See the Use of Proceeds section of this prospectus for more information.
Risk factors	You should read the Risk Factors section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed NASDAQ Global Market symbol	LOGM

The number of shares of our common stock to be outstanding after this offering is based on the number of shares of our common stock outstanding as of December 31, 2007, and excludes:

7,615,000 shares of common stock issuable upon exercise of stock options outstanding as of December 31, 2007 at a weighted average exercise price of \$1.23 per share; and

an additional 810,582 shares of common stock reserved for future issuance under our equity compensation plans as of December 31, 2007.

Unless otherwise indicated, all information in this prospectus assumes:

the adoption of our amended and restated certificate of incorporation, which we refer to as our certificate of incorporation, and our amended and restated bylaws, which we refer to as our bylaws, to be effective upon the closing of this offering;

the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into 30,901,339 shares of our common stock upon the closing of this offering; and

no exercise of the underwriters' over-allotment option.

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The following tables summarize the consolidated financial data for our business as of and for the periods presented. You should read this information together with the Selected Consolidated Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of this prospectus and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		
	2005	2006	2007
	(In thousands, except per share data)		
Consolidated Statement of Operations Data:			
Revenue	\$ 3,518	\$ 11,307	\$ 26,998
Cost of revenue(1)	767	2,033	3,925
Gross profit	2,751	9,274	23,073
Operating expenses:			
Research and development(2)	1,634	3,232	6,661
Sales and marketing(2)	5,758	10,050	19,488
General and administrative(2)	1,351	2,945	3,661
Legal settlements			2,225
Amortization of intangibles(3)		141	328
Total operating expenses	8,743	16,368	32,363
Loss from operations	(5,992)	(7,094)	(9,290)
Interest, net	105	365	260
Other income (expense), net	(27)	28	(25)
Net loss	(5,914)	(6,701)	(9,055)
Accretion of redeemable convertible preferred stock	(279)	(1,790)	(1,919)
Net loss attributable to common stockholders	\$ (6,193)	\$ (8,491)	\$ (10,974)
Net loss attributable to common stockholders per share: basic and diluted	\$ (0.75)	\$ (0.99)	\$ (1.19)
Weighted average shares outstanding used in computing per share amounts: basic and diluted	8,310	8,586	9,214
Pro forma net loss per share: basic and diluted(4)			\$ (0.24)
Pro forma weighted average number of common shares used in pro forma per share calculations: basic and diluted(4)			37,924

(1) Includes stock-based compensation expense and acquisition-related intangible amortization expense.

- (2) Includes stock-based compensation expense.
- (3) Consists of acquisition-related intangible amortization expense.
- (4) Pro forma basic and diluted net loss per share have been calculated assuming the automatic conversion of all outstanding shares of redeemable convertible preferred stock into 30,901,339 shares of our common stock upon the closing of this offering.

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	As of December 31, 2007	
	Actual	Pro Forma(1) Pro Forma as Adjusted(2) (In thousands)
Consolidated Balance Sheet Data:		
Cash and cash equivalents	\$ 18,676	\$ 18,676
Working capital	484	484
Total assets	28,302	28,302
Deferred revenue, including long-term portion	16,104	16,104
Long term debt, including current portion	1,192	1,192
Total liabilities	23,238	23,238
Redeemable convertible preferred stock	32,495	
Total stockholders (deficit) equity	(27,431)	5,064

- (1) The pro forma consolidated balance sheet data give effect to the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into 30,901,339 shares of our common stock upon the closing of this offering.
- (2) The pro forma as adjusted consolidated balance sheet data also give effect to our sale of shares of our common stock in this offering at an assumed initial public offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. Our business, prospects, financial condition or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. The trading price of our common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment. Before deciding whether to invest in our common stock you should also refer to the other information contained in this prospectus, including our consolidated financial statements and the related notes.

Risks Related to Our Business

We have had a history of losses.

We have never been profitable. We experienced net losses of \$5.9 million for 2005, \$6.7 million for 2006 and \$9.1 million for 2007. We cannot predict if we will attain or sustain profitability in the near future or at all. We expect to make significant future expenditures to develop and expand our business. In addition, as a public company, we will incur additional significant legal, accounting and other expenses that we did not incur as a private company. These increased expenditures make it harder for us to achieve and maintain future profitability. Our recent growth in revenue and customer base may not be sustainable, and we may not achieve sufficient revenue to achieve or maintain profitability. We may incur significant losses in the future for a number of reasons, including due to the other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. Accordingly, we may not be able to achieve or maintain profitability, and we may incur significant losses for the foreseeable future.

Our limited operating history makes it difficult to evaluate our current business and future prospects.

Our company has been in existence since 2003, and much of our growth has occurred in recent periods. Our limited operating history may make it difficult for you to evaluate our current business and our future prospects. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing expenses as we continue to grow our business. If we do not manage these risks successfully, our business will be harmed.

Our business is substantially dependent on market demand for, and acceptance of, the on-demand model for the use of software.

We derive, and expect to continue to derive, substantially all of our revenue from the sale of on-demand solutions, a relatively new and rapidly changing market. As a result, widespread acceptance and use of the on-demand business model is critical to our future growth and success. Under the perpetual or periodic license model for software procurement, users of the software typically run applications on their hardware. Because companies are generally predisposed to maintaining control of their IT systems and infrastructure, there may be resistance to the concept of accessing the functionality that software provides as a service through a third party. If the market for on-demand, software solutions fails to grow or grows more slowly than we currently anticipate, demand for our services could be negatively affected.

Growth of our business may be adversely affected if businesses, IT support providers or consumers do not adopt remote access or remote support solutions more widely.

Our services employ new and emerging technologies for remote access and remote support. Our target customers may hesitate to accept the risks inherent in applying and relying on new technologies or methodologies to supplant traditional methods of remote connectivity. Our business will not be successful if our target customers do not accept the use of our remote access and remote support technologies.

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Assertions by a third party that our services infringe its intellectual property, whether or not correct, could subject us to costly and time-consuming litigation or expensive licenses.

There is frequent litigation in the software and technology industries based on allegations of infringement or other violations of intellectual property rights. As we face increasing competition and become increasingly visible as a publicly-traded company, the possibility of intellectual property rights claims against us may grow. During 2007, we were a defendant in two patent infringement lawsuits and paid approximately \$1.9 million to settle these lawsuits. In January 2008, an action was commenced in the United States District Court for the Northern District of Georgia, in which the plaintiff alleges that our services infringe a single United States patent. We are reviewing and evaluating this claim and currently intend to defend it vigorously, but we are not able to currently estimate the possibility of loss or range of our costs to address or resolve this claim or to predict its ultimate outcome.

In addition, although we have licensed proprietary technology, we cannot be certain that the owners' rights in such technology will not be challenged, invalidated or circumvented. Furthermore, many of our service agreements require us to indemnify our customers for certain third-party intellectual property infringement claims, which could increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling related to any such claims. These types of claims could harm our relationships with our customers, may deter future customers from subscribing to our services or could expose us to litigation for