UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________to _________

Commission file number 001-38312

8x8, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware	**77-0142404**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

675 Creekside Way
Campbell, CA 95008

(Address of principal executive offices)

(408) 727-1885

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
COMMON STOCK, PAR VALUE $.001 PER SHARE	EGHT	New York Stock Exchange

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 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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of the Registrant's Common Stock outstanding as of January 22, 2021 was 107,486,374.

8X8, INC

FORM 10-Q

FOR THE QUARTER ENDED DECEMBER 31, 2020

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Forward-Looking Statements and Risk Factors

Statements contained in this quarterly report on Form 10-Q, or Quarterly Report, regarding our expectations, beliefs, estimates, intentions or strategies are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends," and similar expressions are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding: industry trends; our number of customers; average annual service revenue per customer; cost of service revenue and other revenue; research and development expenses; hiring of employees; sales and marketing expenses; general and administrative expenses in future periods; and the impact of the COVID-19 pandemic. You should not place undue reliance on these forward-looking statements. Actual results and trends may differ materially from historical results and those projected in any such forward-looking statements depending on a variety of factors. These factors include, but are not limited to:

- the impact of economic downturns on us and our customers, including the impacts of the COVID-19 pandemic;
- customer cancellations and rate of customer churn or downsell;
- benefits that can be realized from migrating customers from legacy products, including reducing the number of supported platforms and improved customer churn;
- customer acceptance and demand for our cloud communication and collaboration services, including voice, contact center, video, messaging, and communication application programming interfaces ("APIs");
- competitive market pressures, and any changes in the competitive dynamics of the markets in which we compete;
- market acceptance of new or existing services and features we may offer from time to time;
- the quality and reliability of our products and services;
- our ability to scale our business;
- customer acquisition costs;
- our reliance on a network of channel partners to provide substantial new customer demand;
- investments, including the cost to support strategic initiatives with value-added resellers ("VARs") and other partners, to acquire more customers may not result in additional revenue from new or existing customers;
- timing and extent of improvements in operating results from increased spending in marketing, sales, and research and development;
- the amount and timing of costs associated with recruiting, training and integrating new employees and retaining existing employees;
- our reliance on infrastructure of third-party network services providers;
- risk of failure in our physical infrastructure;
- risk of defects or bugs in our software;
- risk of cybersecurity breaches;
- our ability to maintain the compatibility of our software with third-party applications and mobile platforms;
- continued compliance with industry standards and regulatory requirements, including privacy, in the United States and foreign countries in which we make our cloud software and services solutions available, and the costs of such compliance;
- introduction and adoption of our cloud software solutions in markets outside of the United States;
- risks relating to the acquisition and integration of businesses we have acquired or may acquire in the future, particularly if the acquired business operates in a different product market space from us or is based in a region where we do not have significant operations;
- risks related to our senior convertible notes and the related capped call transactions;
- implementation and effects of new accounting standards and policies in our reported financial results; and
- potential future intellectual property infringement claims and other litigation that could adversely impact our business and operating results.

Please refer to the "Risk Factors" section of our Form 10-K for the fiscal year ended March 31, 2020, as modified by the "Risk Factors" section of our Quarterly Report for the three months ended June 30, 2020, and subsequent Securities and Exchange Commission ("SEC") filings for additional factors that could materially affect our financial performance. All forward-looking statements included in this Quarterly Report are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempts to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations, and prospects.

Our fiscal year ends on March 31, of each calendar year. Each reference to a fiscal year in this Quarterly Report, refers to the fiscal year ended March 31, of the calendar year indicated (for example, fiscal 2021 refers to the fiscal year ending on March 31, 2021). Unless the context requires otherwise, references to "we," "us," "our," "8x8" and the "Company" refer to 8x8, Inc. and its consolidated subsidiaries.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

8X8, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

	December 31, 2020	March 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 106,877	$ 137,394
Restricted cash, current	6,996	10,376
Short-term investments	41,738	33,458
Accounts receivable, net	50,404	37,811
Deferred sales commission costs, current	28,684	22,444
Other current assets	39,565	35,679
Total current assets	274,264	277,162
Property and equipment, net	94,480	94,382
Operating lease, right-of-use assets	70,443	78,963
Intangible assets, net	18,426	24,001
Goodwill	132,067	128,300
Restricted cash, non-current	8,562	8,641
Long-term investments	3,878	16,083
Deferred sales commission costs, non-current	69,859	53,307
Other assets	20,832	19,802
Total assets	$ 692,811	$ 700,641
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 32,337	$ 40,261
Accrued compensation	29,993	22,656
Accrued taxes	14,299	10,251
Operating lease liabilities, current	12,691	5,875
Deferred revenue, current	18,015	7,105
Other accrued liabilities	20,419	37,277
Total current liabilities	127,754	123,425
Operating lease liabilities, non-current	85,379	92,452
Convertible senior notes, net	304,111	291,537
Other liabilities, non-current	8,164	2,496
Total liabilities	525,408	509,910
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock	107	103
Additional paid-in capital	716,820	625,474
Accumulated other comprehensive loss	(3,503)	(12,176)
Accumulated deficit	(546,021)	(422,670)
Total stockholders' equity	167,403	190,731
Total liabilities and stockholders' equity	$ 692,811	$ 700,641

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	**2019**	**2020**	**2019**
Service revenue	$ 127,107	$ 110,363	$ 362,232	$ 301,547
Other revenue	9,578	8,204	25,393	23,212
Total revenue	136,685	118,567	387,625	324,759
Operating expenses:				
Cost of service revenue	47,044	40,786	132,843	101,899
Cost of other revenue	13,364	15,433	36,194	41,708
Research and development	23,702	19,870	66,763	57,635
Sales and marketing	63,986	63,099	185,535	174,593
General and administrative	23,844	22,547	72,403	62,589
Total operating expenses	171,940	161,735	493,738	438,424
Loss from operations	(35,255)	(43,168)	(106,113)	(113,665)
Other expense, net	(4,669)	(3,623)	(13,772)	(7,919)
Loss before provision for income taxes	(39,924)	(46,791)	(119,885)	(121,584)
Provision for income taxes	301	280	666	684
Net loss	$ (40,225)	$ (47,071)	$ (120,551)	$ (122,268)
Net loss per share:				
Basic and diluted	$ (0.38)	$ (0.47)	$ (1.15)	$ (1.23)
Weighted-average common shares outstanding:				
Basic and diluted	106,641	99,922	104,961	99,082

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(In thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	**2019**	**2020**	**2019**
Net loss	$ (40,225)	$ (47,071)	$ (120,551)	$ (122,268)
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on investments in securities	(73)	(12)	306	106
Foreign currency translation adjustment	4,537	4,587	8,367	682
Comprehensive loss	$ (35,761)	$ (42,496)	$ (111,878)	$ (121,480)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In thousands, except shares)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at March 31, 2020	103,178,621	$ 103	$ 625,474	$ (12,176)	$ (422,670)	$ 190,731
Adjustment to opening balance for change in accounting principle	—	—	—	—	(2,800)	(2,800)
Issuance of common stock under stock plans, less withholding	688,414	1	(67)	—	—	(66)
Stock-based compensation expense	—	—	23,118	—	—	23,118
Issuance of common stock related to acquisition	—	—	8,489	—	—	8,489
Unrealized investment gain	—	—	—	422	—	422
Foreign currency translation adjustment	—	—	—	885	—	885
Net loss	—	—	—	—	(41,913)	(41,913)
Balance at June 30, 2020	103,867,035	104	657,014	(10,869)	(467,383)	178,866
Issuance of common stock under stock plans	2,119,196	2	4,706	—	—	4,708
Stock-based compensation expense	—	—	26,396	—	—	26,396
Unrealized investment gain/loss	—	—	—	(43)	—	(43)
Foreign currency translation adjustment	—	—	—	2,945	—	2,945
Net loss	—	—	—	—	(38,413)	(38,413)
Balance at September 30, 2020	105,986,231	106	688,116	(7,967)	(505,796)	174,459
Issuance of common stock under stock plans	1,149,752	1	1,346	—	—	1,347
Stock-based compensation expense	—	—	27,358	—	—	27,358
Unrealized investment loss	—	—	—	(73)	—	(73)
Foreign currency translation adjustment	—	—	—	4,537	—	4,537
Net loss	—	—	—	—	(40,225)	(40,225)
Balance at December 31, 2020	107,135,983	$ 107	$ 716,820	$ (3,503)	$ (546,021)	$ 167,403

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at March 31, 2019	96,119,888	$ 96	$ 506,949	$ (7,353)	$ (250,302)	$ 249,390
Issuance of common stock under stock plans, less withholding	451,308	1	1,493	—	—	1,494
Stock-based compensation expense	—	—	14,059	—	—	14,059
Unrealized investment gain	—	—	—	121	—	121
Foreign currency translation adjustment	—	—	—	(652)	—	(652)
Net loss	—	—	—	—	(34,265)	(34,265)
Balance at June 30, 2019	96,571,196	97	522,501	(7,884)	(284,567)	230,147
Issuance of common stock under stock plans, less withholding	1,761,483	2	(790)	—	—	(788)
Stock-based compensation expense	—	—	17,867	—	—	17,867
Issuance of common stock related to acquisitions	1,476,009	1	35,838	—	—	35,839
Unrealized investment loss	—	—	—	(3)	—	(3)
Foreign currency translation adjustment	—	—	—	(3,253)	—	(3,253)
Net loss	—	—	—	—	(40,932)	(40,932)
Balance at September 30, 2019	99,808,688	100	575,416	(11,140)	(325,499)	238,877
Issuance of common stock under stock plans, less withholding	976,272	1	139	—	—	140
Stock-based compensation expense	—	—	19,881	—	—	19,881
Equity component of convertible senior notes, net of issuance costs	—	—	3,089	—	—	3,089
Unrealized investment loss	—	—	—	(12)	—	(12)
Foreign currency translation adjustment	—	—	—	4,587	—	4,587
Net loss	—	—	—	—	(47,071)	(47,071)
Balance at December 31, 2019	100,784,960	$ 101	$ 598,525	$ (6,565)	$ (372,570)	$ 219,491

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended December 31,	
	2020	**2019**
Cash flows from operating activities:		
Net loss	$ (120,551)	$ (122,268)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	8,529	6,801
Amortization of intangible assets	5,590	6,149
Amortization of capitalized software	20,021	13,263
Amortization of debt discount and issuance costs	12,574	9,987
Amortization of deferred sales commission costs	20,040	13,805
Allowance for credit losses	3,950	1,323
Operating lease expense, net of accretion	11,469	10,676
Stock-based compensation	74,940	50,305
Other	517	1,348
Changes in assets and liabilities:		
Accounts receivable, net	(13,277)	(8,776)
Deferred sales commission costs	(41,187)	(33,651)
Other current and non-current assets	(8,939)	(24,780)
Accounts payable and accruals	(338)	7,876
Deferred revenue	11,797	5,106
Net cash used in operating activities	(14,865)	(62,836)
Cash flows from investing activities:		
Purchases of property and equipment	(4,975)	(22,853)
Purchase of businesses	(3,459)	(58,853)
Cost of capitalized software	(22,858)	(22,784)
Proceeds from maturities of investments	40,771	16,195
Proceeds from sales of investments	219	33,117
Purchases of investments	(36,840)	(29,658)
Net cash used in investing activities	(27,142)	(84,836)
Cash flows from financing activities:		
Finance lease payments	(74)	(312)
Tax-related withholding of common stock	(69)	(6,186)
Proceeds from issuance of common stock under employee stock plans	6,058	7,035
Purchases of capped calls	—	(9,288)
Net proceeds from issuance of convertible senior notes	—	74,593
Net cash provided by financing activities	5,915	65,842
Effects of currency exchange rates on cash, cash equivalent, and restricted cash	2,116	958
Net decrease in cash, cash equivalents, and restricted cash	(33,976)	(80,872)
Cash, cash equivalents, and restricted cash at the beginning of the period	156,411	284,683
Cash, cash equivalents, and restricted cash at the end of the period	$ 122,435	$ 203,811
Supplemental and non-cash disclosures:		
Income taxes paid	$ 761	$ 719
Interest paid	$ 906	$ 647
Right of use assets obtained in exchange for new or modified operating lease liabilities	$ —	$ 64,869

Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets (in thousands):

	December 31,	
	2020	2019
Cash and cash equivalents	$ 106,877	$ 184,794
Restricted cash, current	6,996	3,459
Restricted cash, non-current	8,562	15,558
Total cash, cash equivalents, and restricted cash	$ 122,435	$ 203,811

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

8X8, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

8x8, Inc. ("8x8" or the "Company") was incorporated in California in February 1987, and was reincorporated in Delaware in December 1996.

The Company is a leading cloud provider of enterprise Software-as-a-Service ("SaaS") communications solutions that enable businesses of all sizes to communicate faster and smarter across voice, video meetings, chat, and contact centers, transforming both employee and customer experiences with communications that work simply, integrate seamlessly, and perform reliably. From one proprietary cloud technology platform, customers have access to unified communications, team collaboration, video conferencing, contact center, data and analytics, and other services. Substantially all revenue is generated from communication services subscriptions and platform usage. The Company also generates revenue from sales of hardware and professional services, which are complementary to the delivery of our integrated technology platform.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. The March 31, 2020 year-end condensed consolidated balance sheet disclosures in this document were derived from audited consolidated financial statements and do not include all disclosures required by GAAP. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as of and for the fiscal year ended March 31, 2020, and notes thereto included in the Company's fiscal 2020 Annual Report on Form 10-K ("Form 10-K"). There were no material changes during the three and nine months ended December 31, 2020, to our significant accounting policies as described in the Company's Form 10-K for the fiscal year ended March 31, 2020, except for the accounting policies described herein that were updated as a result of adopting Accounting Standards Update ("ASU") 2016-03, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* further amended by various ASUs, and ASU 2018-15, *Intangibles-Goodwill and Other-Internal Use Software* (Subtopic 350-40). The results of operations and cash flows for the periods included in these condensed consolidated financial statements are not necessarily indicative of the results to be expected for any future periods or the entire fiscal year.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company conducts its operations through one reportable segment.

In the opinion of the Company's management, these condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of the Company's financial position, results of operations, and cash flows for the periods presented.

USE OF ESTIMATES

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity, and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to allowance for credit losses, returns reserve for expected customer credits or cancellations, fair value of and/or evaluation for impairment of goodwill and other long-lived assets, capitalization of internally developed software, benefit period for deferred sales commission costs, stock-based compensation expense, discount rate used to calculate operating lease liabilities, income and sales tax liabilities, fair value of convertible senior notes, litigation, and other contingencies. The Company bases its estimates on known facts and circumstances, historical experience, and various other assumptions. Actual results could differ from those estimates under different assumptions or conditions.

RECLASSIFICATIONS AND OTHER CHANGES

During the fourth quarter of fiscal 2020, the Company determined that presenting service revenue as revenue from the Company's core communication services would provide transparency and clarity to the users of the financial statements. As such, the Company reclassified certain revenue and cost of revenue on its condensed consolidated statement of operations for the three and nine months ended December 31, 2019. Professional services revenue and cost of professional services revenue previously reported in service revenue and cost of service revenue are now reported in other revenue and cost of other revenue. Product revenue and cost of product revenue are also now reported in other revenue and cost of other revenue. The reclassifications did not have any impact on total revenue, consolidated net loss, or cash flows.

In addition, certain prior year amounts in the condensed consolidated statements of cash flows have been reclassified to conform with the current year presentation.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the existing impairment model with a forward-looking expected loss method. Under this update, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. For trade receivables, loans, and other financial instruments, an entity is required to use a forward-looking expected loss model to recognize credit losses that are probable. The Company adopted ASU 2016-13 on a modified retrospective basis as of April 1, 2020, through a cumulative-effect adjustment to the Company's beginning accumulated deficit balance; the impact of the adoption was not material to the Company's consolidated financial statements. Credit losses are not expected to be significant based on historical collection trends, the financial condition of the Company's customers, and external market factors, including those related to the COVID-19 pandemic. The Company will continue to actively monitor the impact of the recent COVID-19 pandemic on expected credit losses.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820), which makes modifications to disclosure requirements on fair value measurements. The Company adopted ASU 2018-13 on April 1, 2020. The impact of the adoption was immaterial to the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal Use Software* (Subtopic 350-40), which reduces complexity for the accounting for costs of implementing a cloud computing service arrangement. The Company adopted this guidance on a prospective basis effective April 1, 2020. The impact of the adoption was immaterial to the Company's consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740), which enhances and simplifies various aspects of the income tax accounting guidance, including requirements such as tax basis step-up in goodwill obtained in a transaction that is not a business combination, ownership changes in investments, and interim-period accounting for enacted changes in tax law. The amendment will be effective for public companies with fiscal years beginning after December 15, 2020, which is fiscal 2022 for the Company; early adoption is permitted. The Company is currently assessing the impact of this pronouncement to its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options* (Subtopic 470-20) and *Derivatives and Hedging—Contracts in Entity's Own Equity* (Subtopic 815-40), which simplifies accounting for convertible instruments by eliminating two of the three accounting models available for convertible debt instruments and convertible preferred stock. The guidance also addresses how convertible instruments are accounted for in the diluted earnings per share calculation. The guidance is effective for fiscal years beginning after December 15, 2021, which is fiscal 2023 for the Company; early adoption is permitted. The Company is currently assessing the impact of this pronouncement to its consolidated financial statements.

3. REVENUE RECOGNITION

Disaggregation of Revenue

The Company presents disaggregated revenue by geographic regions in Note 13. *Geographical Information.*

Contract Balances

The following table provides information about receivables, contract assets, and deferred revenues from contracts with customers (in thousands):

	December 31, 2020	March 31, 2020
Accounts receivable, net	$ 50,404	$ 37,811
Contract assets, current, net (included in Other current assets)	$ 12,002	$ 10,425
Contract assets, non-current, net (included in Other assets)	$ 15,688	$ 13,698
Deferred revenue, current	$ 18,015	$ 7,105
Deferred revenue, non-current (included in Other liabilities, non-current)	$ 2,768	$ 1,119

Changes in the contract assets and deferred revenue balances during the nine months ended December 31, 2020 are as follows (in thousands):

	December 31, 2020	March 31, 2020	Change
Contract assets	$ 27,690	$ 24,123	$ 3,567
Deferred revenue	$ 20,783	$ 8,224	$ 12,559

The increase in contract assets was primarily driven by the recognition of revenue that had not yet been billed, net of amounts billed during the period, and the reserve for credit losses. The increase in deferred revenue was due to billings in advance of performance obligations being satisfied, net of revenue recognized for services rendered during the period. Revenue of $0.7 million and $5.7 million was recognized during the three and nine months ended December 31, 2020, respectively, which was included in the deferred revenue balance at the beginning of the period.

Remaining Performance Obligations

The Company's subscription terms typically range from one to five years. Contract revenue from remaining performance obligations that had not yet been recognized as of December 31, 2020, was approximately $365 million. This excludes contracts with an original expected length of one year or less. The Company expects to recognize revenue on most of the remaining performance obligations over the next 36 months.

Deferred Sales Commission Costs

Amortization of deferred sales commission costs was $7.3 million and $5.1 million for the three months ended December 31, 2020 and 2019, respectively, and $20.1 million and $13.8 million, for the nine months ended December 31, 2020 and 2019, respectively. There were no material write-offs of deferred sales commission costs during these periods.

4. FAIR VALUE MEASUREMENTS

Cash, cash equivalents, restricted cash, and available-for-sale investments are as follows (in thousands):

As of December 31, 2020	Amortized Costs	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents	Restricted Cash (Current & Non-Current)	Short-Term Investments	Long-Term Investments
Cash	$ 40,656	$ —	$ —	$ 40,656	$ 33,739	$ 6,917	$ —	$ —
Level 1:								
Money market funds	71,232	—	—	71,232	71,232	—	—	—
Treasury securities	6,181	42	—	6,223	—	—	6,223	—
Subtotal	118,069	42	—	118,111	104,971	6,917	6,223	—
Level 2:								
Certificate of deposit	8,641	—	—	8,641	—	8,641	—	—
Commercial paper	16,194	—	(1)	16,193	1,300	—	14,893	—
Corporate debt	25,028	79	(1)	25,106	606	—	20,622	3,878
Subtotal	49,863	79	(2)	49,940	1,906	8,641	35,515	3,878
Total assets	$ 167,932	$ 121	$ (2)	$ 168,051	$ 106,877	$ 15,558	$ 41,738	$ 3,878

As of March 31, 2020	Amortized Costs	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cash and Cash Equivalents	Restricted Cash (Current & Non-Current)	Short-Term Investments	Long-Term Investments
Cash	$ 31,378	$ —	$ —	$ 31,378	$ 21,002	$ 10,376	$ —	$ —
Level 1:								
Money market funds	110,796	—	—	110,796	110,796	—	—	—
Treasury securities	6,192	116	—	6,308	—	—	—	6,308
Subtotal	148,366	116	—	148,482	131,798	10,376	—	6,308
Level 2:								
Certificate of deposit	8,641	—	—	8,641	—	8,641	—	—
Commercial paper	14,979	6	—	14,985	5,596	—	9,389	—
Corporate debt	34,153	32	(341)	33,844	—	—	24,069	9,775
Subtotal	57,773	38	(341)	57,470	5,596	8,641	33,458	9,775
Total assets	$ 206,139	$ 154	$ (341)	$ 205,952	$ 137,394	$ 19,017	$ 33,458	$ 16,083

Certificate of deposit represents the Company's letter of credits securing leases for office facilities, the balance of which is included in *Restricted cash, current* and *Restricted cash, non-current* on the Company's Condensed Consolidated Balance Sheet.

The Company considers its investments available to support its current operations and has classified all investments as available-for-sale securities. The Company does not intend to sell any of its investments that are in unrealized loss positions and, as of December 31, 2020, has determined that it is not more likely than not that it will be required to sell any of these investments before recovery of the entire amortized cost basis.

The Company regularly reviews the changes to the rating of its securities at the individual security level by rating agencies and reasonably monitors the surrounding economic conditions to assess the risk of expected credit losses. As of December 31, 2020, the Company did not have any risk of expected credit losses.

As of December 31, 2020, the estimated fair value of the Company's outstanding convertible senior notes (the "Notes") was $527.8 million, which was determined based on the closing price for the Notes on the last trading day of the reporting period. The estimated fair value is categorized within Level 2 of the fair value hierarchy due to limited trading activity of the Notes.

5. BUSINESS COMBINATIONS

In July 2019, the Company purchased all of the outstanding shares and equity interests of Wavecell, Pte. Ltd. As of September 30, 2020 the fair value of all assets acquired and liabilities assumed in the transaction were finalized. Of the $10.4 million cash and 394,515 shares (equivalent to $8.5 million at acquisition) that were held back, the Company released $3.5 million of cash and 116,505 shares on the one-year anniversary of the acquisition. The remaining balance was released in January 2021.

6. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

The carrying value of intangible assets consisted of the following (in thousands):

	December 31, 2020			March 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed technology	$ 33,969	$ (20,391)	$ 13,578	$ 33,932	$ (16,312)	$ 17,620
Customer relationships	11,927	(7,079)	4,848	11,409	(5,412)	5,997
Trade and domain names	989	(989)	—	983	(599)	384
Total acquired identifiable intangible assets	$ 46,885	$ (28,459)	$ 18,426	$ 46,324	$ (22,323)	$ 24,001

As of December 31, 2020, the weighted average remaining useful life of developed technology and customer relationships was 4.7 years and 5.5 years, respectively.

As of December 31, 2020, the expected future amortization expense of the intangible assets was as follows (in thousands):

Remainder of 2021	$ 1,296
2022	4,708
2023	3,156
2024	2,851
2025	2,851
Thereafter	3,564
Total	$ 18,426

Goodwill

The following table provides a summary of the change in the carrying amount of goodwill (in thousands):

Balance at March 31, 2020	$ 128,300
Foreign currency translation adjustments	3,767
Balance at December 31, 2020	$ 132,067

7. LEASES

Operating Leases

The Company primarily leases facilities for office and data center space for its U.S. and international locations under non-cancellable operating leases. The leases expire at various dates through 2030.

The following table provides balance sheet information related to leases as of December 31, 2020 (in thousands):

	December 31, 2020	March 31, 2020
Assets		
Operating lease, right-of-use assets	$ 70,443	$ 78,963
Liabilities		
Operating lease liabilities, current	$ 12,691	$ 5,875
Operating lease liabilities, non-current	85,379	92,452
Total operating lease liabilities	$ 98,070	$ 98,327

The components of lease expense were as follows (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Operating lease expense	$ 3,886	$ 4,436	$ 11,469	$ 10,677
Variable lease expense	$ 729	$ 434	$ 2,368	$ 872

Short-term lease expense was immaterial for the three and nine months ended December 31, 2020 and 2019.

Cash outflows from operating leases were $6.3 million and $7.2 million, respectively, for the nine months ended December 31, 2020 and 2019.

The following table presents supplemental information for the nine months ended December 31, 2020 (in thousands, except for weighted average):

Weighted average remaining lease term	8.5 years
Weighted average discount rate	4.0%

The following table presents future payments of lease liabilities under the Company's non-cancellable operating leases as of December 31, 2020 (in thousands):

Remainder of 2021	$	3,586
2022		16,382
2023		15,182
2024		11,835
2025		11,497
Thereafter		58,190
Total lease payments		116,672
Less: imputed interest		(18,602)
Present value of lease liabilities	$	98,070

Lease Assignment

In the fourth quarter of fiscal 2018, the Company entered into a 132-month lease agreement (the "Agreement") with CAP Phase I, a Delaware limited liability company (the "Landlord"), to rent approximately 162,000 square feet of office space in a new building in San Jose, California. The lease term began on January 1, 2019. On April 30, 2019, the Company entered into an assignment and assumption (the "Assignment") of the Agreement with the Landlord, and Roku Inc., a Delaware corporation ("Roku"), whereby the Company assigned to Roku the Agreement. Pursuant to the Assignment, the Company expects to be released from all of its obligations under the lease and related standby letter of credit by the end of the Company’s fiscal year ending March 31, 2022, or shortly thereafter. The Company also expects to receive the reimbursement of base rent and direct expenses from Roku by the end of the Company’s fiscal year ending March 31, 2021, in accordance with the Assignment.

Amounts related to the Agreement are not included in the right-of-use asset or lease liabilities as of December 31, 2020 or March 31, 2020. The remaining obligations related to the Assignment of $2.8 million and the termination fee of $0.8 million are recorded in *Other accrued liabilities* and *Other liabilities, non-current*, respectively, and the expected receivable of $6.4 million due in February 2021 is recorded in *Other current assets,* on the Company's Condensed Consolidated Balance Sheets as of both December 31, 2020 and March 31, 2020.

8. COMMITMENTS AND CONTINGENCIES

Other Commitments, Indemnifications, and Contingencies

From time to time, the Company receives inquiries from federal and various state and municipal taxing agencies with respect to the remittance of sales, use, telecommunications, excise, payroll, and income taxes. Several jurisdictions are currently conducting tax audits of the Company's records. The Company collects taxes from its customers or has accrued for taxes that it believes are required to be remitted. Amounts that have been remitted have historically been within the accruals established by the Company. The Company adjusts its accrued taxes when facts relating to specific exposures warrant such adjustment. The Company continues to conduct periodic review of the taxability of certain of its services that may be subject to sales, use, telecommunications, or other similar indirect taxes in certain jurisdictions. As of December 31, 2020 and March 31, 2020, the Company had accrued contingent indirect tax liabilities of $4.6 million and $4.5 million, respectively.

Legal Proceedings

The Company, from time to time, may be involved in a variety of claims, lawsuits, investigations, and other proceedings, including patent infringement claims, employment litigation, regulatory compliance matters, and contractual disputes, that can arise in the normal course of the Company's operations. The Company recognizes a provision when management believes information available prior to the issuance of the financial statements indicates it is probable a loss has been incurred as of the date of the financial statements and the amount of loss can be reasonably estimated. The Company adjusts the amount of the provision to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Legal costs are expensed as incurred.

As of December 31, 2020, the Company does not have any material provisions for any such lawsuits, claims and proceedings and believes it is not probable that a loss had been incurred. Litigation is inherently unpredictable and subject to significant uncertainties. While there can be no assurances that favorable final outcomes will be obtained, the Company believes it has valid defenses with respect to legal matters pending against it. Future litigation could be costly to defend, could impose significant burdens on employees and cause the diversion of management's attention, and could, upon resolution, have a material adverse effect on the Company's business, results of operations, financial condition, and cash flows.

9. CONVERTIBLE SENIOR NOTES AND CAPPED CALL

Convertible Senior Notes

In February 2019, the Company issued $287.5 million aggregate principal amount of 0.50% convertible senior notes (the "Initial Notes") due 2024 in a private placement, including the exercise in full of the initial purchasers' option to purchase additional notes. The total net proceeds from the debt offering, after deducting initial purchase discounts, debt issuance costs, and costs of the capped call transactions described below, were approximately $245.8 million.

In November 2019, the Company issued an additional $75.0 million aggregate principal amount of 0.50% convertible senior notes (the "Additional Notes," and together with the Initial Notes, the "Notes") due 2024 in a registered offering under the same indenture as the Initial Notes. The total net proceeds from the Additional Notes, after deducting underwriting discounts, debt issuance costs, and costs of the capped call transactions described below, were approximately $64.6 million. The Additional Notes constitute a further issuance of, and form a single series with, the Initial Notes. Immediately after giving effect to the issuance of the Additional Notes, the Company had $362.5 million aggregate principal amount of convertible senior notes.

The Notes are senior unsecured obligations of the Company and interest is payable semiannually in arrears on February 1 and August 1 of each year, beginning on February 1, 2020. The Notes will mature on February 1, 2024, unless earlier repurchased, redeemed, or converted.

Each $1,000 principal amount of the Notes are initially convertible into 38.9484 shares of the Company’s common stock, par value $0.001, which is equivalent to an initial conversion price of approximately $25.68 per share. The conversion rate is subject to adjustment upon the occurrence of certain specified events but will not be adjusted for any accrued and unpaid interest. In addition, upon the occurrence of certain corporate events that occur prior to the maturity date or following the Company's issuance of a notice of redemption, in each case as described in the Indenture, the Company will, in certain circumstances, increase the conversion rate for a holder that elects to convert its Notes in connection with such a corporate event or during the relevant redemption period.

Prior to the close of business on the business day immediately preceding October 1, 2023, the Notes will be convertible at the option of the holders only under the following circumstances:

1. At any time during any calendar quarter commencing after the fiscal quarter ending on June 30, 2019 (and only during such calendar quarter), if the last reported sale price of the Common Stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
2. During the five business day period immediately after any ten consecutive trading day period (the measurement period), if the trading price per $1,000 principal amount of the Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the common stock on each such trading day and the conversion rate on each such trading day;
3. If the Company calls any or all of the Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or
4. Upon the occurrence of specified corporate events (as set forth in the indenture governing the Notes).

On or after October 1, 2023, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Notes, regardless of the foregoing circumstances. Upon conversion, the Company will satisfy its conversion obligation by paying or delivering, as the case may be, cash, shares of common stock, or a combination of cash and shares of common stock, at the Company's discretion. The Company’s current intent is to settle the principal amount of the Notes in cash upon conversion. During the nine months ended December 31, 2020, the conditions permitting conversion of the Notes were not met.

The Company may not redeem the Notes prior to February 4, 2022. On or after February 4, 2022, the Company may redeem for cash all or part of the Notes, at the redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if the last reported sale price of the common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides a redemption notice. If a fundamental change (as defined in the indenture governing the notes) occurs at any time, holders of Notes may require the Company to repurchase for cash all or any portion of their Notes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Notes are senior unsecured obligations and will rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the Notes, equal in right of payment with the Company's existing and future liabilities that are not so subordinated, effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally junior to all indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company.

The net carrying amount of the liability component of the Notes was as follows (in thousands):

	December 31, 2020	March 31, 2020
Principal	$ 362,500	$ 362,500
Unamortized debt discount	(57,587)	(69,987)
Unamortized issuance costs	(802)	(976)
Net carrying amount	$ 304,111	$ 291,537

Interest expense related to the Notes was as follows (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Contractual interest expense	$ 453	$ 400	$ 1,359	$ 1,119
Amortization of debt discount	4,198	3,551	12,399	9,926
Amortization of issuance costs	59	40	174	92
Total interest expense	$ 4,710	$ 3,991	$ 13,932	$ 11,137

Capped Call

In connection with the pricing of the Initial Notes and Additional Notes, the Company entered into privately negotiated capped call transactions ("Capped Calls") with certain counterparties. The Capped Calls each have an initial strike price of approximately $25.68 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Notes. The Capped Calls have initial cap prices of $39.50 per share, subject to certain adjustments. The Capped Calls are expected to partially offset the potential dilution to the Company's Common Stock upon any conversion of the Notes, with such offset subject to a cap based on the cap price. The Capped Calls cover, subject to anti-dilution adjustments, approximately 14.1 million shares of the Company's Common Stock. The Capped Calls are subject to adjustment upon the occurrence of specified extraordinary events affecting the Company, including merger events, tender offers and announcement events. In addition, the Capped Calls are subject to certain specified additional disruption events that may give rise to a termination of the Capped Calls, including nationalization, insolvency or delisting, changes in law, failures to deliver, insolvency filings, and hedging disruptions. For accounting purposes, the Capped Calls are separate transactions and not part of the terms of the Notes. The Capped Calls meet certain accounting criteria to be recorded in stockholders' equity and are not accounted for as derivatives. The costs of the Capped Calls, $33.7 million in connection with the Initial Notes and $9.3 million in connection with the Additional Notes, were recorded as a reduction to additional paid-in capital and will not be remeasured.

10. STOCK-BASED COMPENSATION

The following tables summarize information pertaining to the stock-based compensation expense (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Cost of service revenue	$ 2,472	$ 1,387	$ 6,696	$ 3,566
Cost of other revenue	1,142	839	3,042	2,330
Research and development	8,297	5,535	23,097	13,616
Sales and marketing	9,363	5,197	22,156	14,458
General and administrative	5,565	6,359	19,949	16,335
Total	$ 26,839	$ 19,317	$ 74,940	$ 50,305

Restricted Stock Units (RSU) and Performance Stock Units (PSU)

The following table presents activities related to RSU and PSU, collectively Stock Awards (in thousands, except weighted-average grant-date fair value and recognition period):

	Nine Months Ended December 31,	
	2020	2019
Stock Awards outstanding at the beginning of the period:	9,191	7,820
Stock Awards granted	6,742	5,886
Stock Awards vested	(3,530)	(2,860)
Stock Awards canceled and forfeited	(969)	(1,056)
Stock Awards outstanding at the end of the period:	11,434	9,790
Weighted-average fair value of grants during the period	$ 18.97	$ 22.35
Weighted-average remaining recognition period (in years)	1.88	2.13
Total unrecognized compensation expense at period-end	$ 157,416	$ 128,463

During the nine months ended December 31, 2020, the Company granted 5.7 million shares of RSU and 1.0 million shares of PSU, of which, 28,467 shares of PSU vested based on market based conditions during the period.

The PSU awards granted during the nine months ended December 31, 2020 are based on Total Shareholder Return ("TSR") as measured relative to the S&P Software Services Select Industry Index over performance periods ranging from one to three years. All PSU awards vest 100% at the end of the respective performance periods. A number of shares equal to 100% of the target opportunity will be earned in the event that the Company's performance matches that of the specified index during the relevant period. A 2x multiplier will be applied for each percentage point of positive or negative relative TSR, such that the number of shares of common stock earned will increase or decrease by 2% of the target number of shares, subject to a maximum of 200% of the target number of shares. In the event that the Company's relative TSR performance is less than negative 30%, relative to the specified index, no shares will be earned for the applicable performance period. The PSU were valued for compensation expense purposes at $29.07 per weighted average share as determined by Monte Carlo simulations using volatility factors ranging from 55.66% to 60.68% and risk-free rates ranging from 0.15% to 0.18%.

The RSU awarded during the nine months ended December 31, 2020 were valued at $17.12 per weighted average share based on the closing sales price of the Company's stock on the grant date.

Stock Options

The following table presents activities related to Stock Options (in thousands, except weighted-average grant-date fair value and recognition period):

	Nine Months Ended December 31,	
	2020	2019
Stock options outstanding at the beginning of the period:	2,274	3,114
Options exercised	(175)	(391)
Options canceled and forfeited	(28)	(55)
Options outstanding at the end of the period:	2,071	2,668
Total intrinsic value of options exercised during the period	$ 1,761	$ 4,844
Weighted-average remaining recognition period (in years)	1.33	2.16
Total unrecognized compensation expense at period-end	$ 558	$ 1,102

Employee Stock Purchase Plan (ESPP)

In July 2020, 329,430 shares were purchased and issued under the ESPP. As of December 31, 2020, there was a total of $1.5 million of unrecognized compensation, net of estimated forfeitures, which will be amortized on a straight line basis over the remaining weighted-average vesting period of 0.32 years. As of December 31, 2020, a total of 3,252,882 shares were available for issuance under the ESPP.

Stock Repurchases

In May 2017, the Company's board of directors authorized the 2017 Repurchase Plan under which the Company could purchase up to $25.0 million of its common stock. The remaining amount available at December 31, 2020 was approximately $7.1 million. There were no stock repurchases during the three and nine months ended December 31, 2020 and 2019.

11. INCOME TAXES

The Company's effective tax rate was (0.8)% and (0.6)% for the three months ended December 31, 2020 and 2019, respectively, and (0.6)% for the nine months ended December 31, 2020 and 2019. The difference in the effective tax rate and the U.S. federal statutory rate was primarily due to the full valuation allowance the Company continues to maintain against its deferred tax assets. The effective tax rate is calculated by dividing the income tax provision by net loss before income tax expense.

12. NET LOSS PER SHARE

The following table summarizes the computation of basic and diluted net loss per share (in thousands, except per share data):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Net loss	$ (40,225)	$ (47,071)	$ (120,551)	$ (122,268)
Weighted average common shares outstanding - basic and diluted	106,641	99,922	104,961	99,082
Net loss per share:				
Basic and diluted	$ (0.38)	$ (0.47)	$ (1.15)	$ (1.23)

The following shares attributable to outstanding stock options and stock awards were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Stock options	2,071	2,668	2,071	2,668
Stock awards	11,434	9,790	11,434	9,790
Potential shares to be issued from ESPP	529	387	529	387
Total anti-dilutive shares	14,034	12,845	14,034	12,845

13. GEOGRAPHICAL INFORMATION

The following tables present information by geographic area (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
Revenue by geographic area:	2020	2019	2020	2019
United States	$ 98,919	$ 90,171	$ 288,268	$ 258,847
International	37,766	28,396	99,357	65,912
Total revenue	$ 136,685	$ 118,567	$ 387,625	$ 324,759

Property and equipment by geographic area:	December 31, 2020	March 31, 2020
United States	$ 89,063	$ 87,673
International	5,417	6,709
Total property and equipment, net	$ 94,480	$ 94,382

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. As discussed in the section titled "Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this report, particularly those set forth under the section entitled "Risk Factors" in our Annual Report on Form 10-K ("Form 10-K") for the fiscal year ended March 31, 2020, as modified by those in Part II, Item 1A of our Quarterly Report for the three months ended June 30, 2020 on Form 10-Q under the heading "Risk Factors."

BUSINESS OVERVIEW

We are a leading software-as-a-service ("SaaS") provider of voice, video, chat, contact center, and enterprise-class application programming interface ("API") solutions powered by one global cloud communications platform. From our proprietary cloud technology platform, organizations across all their locations and employees globally have access to unified communications, team collaboration, video conferencing, contact center, data and analytics, communication APIs, and other services, enabling them to be more productive and responsive to their customers.

Our customers represent companies ranging from small businesses to large multinational enterprises, and their users are spread across more than 150 countries. In recent years, we have increased our focus on the mid-market and enterprise customer categories.

We have a portfolio of cloud-based offerings made available at different rates varying by the specific functionalities, services, and number of users. We generate service revenue from communication services subscriptions and platform usage. We generate other revenues from the sales and rentals of office phones and other hardware equipment, and professional services. We define a "customer" as one or more legal entities to which we provide services pursuant to a single contractual arrangement. In some cases, we may have multiple billing relationships with a single customer (for example, where we establish separate billing accounts for a parent company and each of its subsidiaries).

Our flagship service is our 8x8 X Series, a next generation suite of unified communications as a service ("UCaaS") and contact center as a service ("CCaaS") solutions, which consist of service plans of increasing functionality designated X1, X2, etc., through X8. With 8x8 X Series, we provide enterprise-grade voice, unified communications, video meetings, team collaboration, and contact center functionalities from a single platform. We also offer standalone SaaS services for contact center, video meetings, and enterprise communication APIs. Through our July 2019 acquisition of Wavecell Pte. Ltd., an Asia-based global communication platform as a service ("CPaaS") provider of SMS, messaging, voice and video APIs to enterprises, we expanded our API offerings both geographically and functionally. We expect to continue integrating these services into our platform, as we believe in the value of the collective solutions.

As of December 31, 2020, over 90% of our customers have been migrated to the 8x8 X Series platform and we intend to migrate substantially all of our remaining customers through the end of the fiscal year. These migrations may require us to incur professional services and related engineering costs. While we may not be able to recover these costs from our customers, we believe that we will realize other benefits including reducing the number of platforms that we are required to support and improved customer retention.

SUMMARY AND OUTLOOK

In the third quarter of fiscal 2021, our total service revenue grew 15.2% year-over-year to $127.1 million. We continued to show an increase in our average annualized service revenue per customer, which grew to $8,705 in the third quarter of fiscal 2021, compared with $8,248 in the same period of fiscal 2020, as we are selling more to mid-market and enterprise customers. Service revenue from mid-market and enterprise customers represented 48% of total service revenue and grew 25% compared to the same three-month period in the prior year. We increased the number of bundled deals where customers purchase our integrated communications and contact center solutions.

Our continued business focus is on achieving improved operating efficiencies while delivering revenue growth. We continue to make important investments in our products and technology platform, and focus on key areas of spend in our go-to-market strategy. Additionally, we aim to drive efficiencies in our small business customer acquisition and operations, and are focused on expanding our business upmarket with mid-market and enterprise customers. We believe that effective execution will enable the Company to grow and capture market share, during this phase of industry disruption, in a cost-effective way and support the Company in pursuit of its path to profitability and operating cash flow improvement.

In the remainder of fiscal 2021, we plan to continue making investments in activities to acquire more customers, including global expansion and investing in our direct marketing efforts, sales force, e-commerce, and outbound marketing efforts. We also intend to continue investing in our indirect channel programs to acquire more third-party selling agents to help sell our solutions, including investments in our value added resellers ("VARs") and master agent programs. Should these investments not result in additional revenue from new or existing customers, including as result of adverse impacts from the COVID-19 pandemic, and/or these cost reduction and efficiency efforts do not result in meaningful savings, our operating results may be adversely impacted.

NEW CEO APPOINTMENT

On December 10, 2020, we appointed David Sipes as Chief Executive Officer and a member of the board of directors.

IMPACTS OF COVID-19

The full extent of the impact of the COVID-19 pandemic on our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including those set forth under the section entitled "Risk Factors" in our Form 10-K for the fiscal year ended March 31, 2020, as modified by the "Risk Factors" section of our Quarterly Report on Form 10-Q for the three months ended June 30, 2020. In an effort to contain COVID-19 or slow its spread, governments around the world have enacted various measures, some of which have been subsequently rescinded, modified or reinstated, including orders to close non-essential businesses, isolate residents to their homes, and practice social distancing. To protect the health and safety of our employees, our workforce continues to spend a significant amount of time working from home with many of our offices around the world remaining closed and travel being curtailed for our employees, as well as our customers, as the number of COVID-19 cases continues to surge and retreat in various locations globally. These restrictions have altered the ways we conduct sales activities and market to current and prospective customers and how we conduct our ongoing business operations, resulting in reductions in travel related expenses and, by some measures, has resulted in improved employee productivity in certain areas. Small business and mid-size customers have been more impacted by the COVID-19 pandemic than enterprise customers, which has necessitated greater flexibility and responsiveness to our customers' evolving needs. While we anticipate that the global health crisis caused by COVID-19, including any resurgences, and the measures enacted to slow its spread will negatively impact certain business activity across the globe combined with the limited availability of vaccines, to date, it has not resulted in as significant a negative impact on our business, as initially anticipated. We continue to proactively and closely monitor the health of our customers and suppliers and other impacts of the pandemic to determine whether risks of loss or other negative impacts upon our business exist. The effects of COVID-19 have also been considered in management's judgments around credit loss impairments.

COMPONENTS OF RESULTS OF OPERATIONS

Service Revenue

Service revenue consists of communication services subscriptions, platform usage revenue, and related fees from our UCaaS, CCaaS, and CPaaS offerings. We plan to continue to drive our business to increase service revenue through a combination of increased sales and marketing efforts, geographic expansion of our customer base outside the United States, innovation in product and technology, and through strategic partnerships and other business development.

Other Revenue

Other revenue consists primarily of revenues from sales and rentals of IP telephones in conjunction with our cloud telephony service, and revenues from professional services, primarily in support of deployment of our solutions and/or platform. Other revenue is dependent on the number of customers who choose to purchase or rent an IP telephone in conjunction with our service instead of using the solution on their cell phone, computer, or other compatible device, and/or choose to engage our services for implementation and deployment of our cloud services.

Cost of Service Revenue

Cost of service revenue consists primarily of costs associated with network operations and related personnel, technology licenses, amortization of internally developed software, other communication origination and termination services provided by third-party carriers and outsourced customer service call center operations, and other costs such as customer service, and technical support costs. We allocate overhead costs such as IT and facilities to cost of service revenue, as well as to each of the operating expense categories, generally based on relative headcount. Our IT costs include costs for IT infrastructure and personnel. Facilities costs primarily consist of office leases and related expenses.

Cost of Other Revenue

Cost of other revenue consists primarily of direct and indirect costs associated with the purchasing of IP telephones as well as the scheduling, shipping and handling, personnel costs and related expenditures incurred in connection with the professional services associated with the deployment and implementation of our products, and allocated IT and facilities costs.

Research and Development

Research and development expenses consist primarily of personnel and related costs, third-party development and related work, software and equipment costs necessary for us to conduct our product and platform development and engineering efforts, and allocated IT and facilities costs.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel and related costs, sales commissions, trade shows, advertising and other marketing, demand generation, channel costs, promotional expenses, and allocated IT and facilities costs.

General and Administrative

General and administrative expenses consist primarily of personnel and related costs, professional services fees, human resources, legal, employee recruiting, general management, and allocated IT and facilities costs.

Other Expense, net

Other expense, net consists primarily of interest expense related to the convertible notes, offset by income earned on our cash, cash equivalents, and investments, and foreign exchange gains/losses.

Provision for Income Taxes

Provision for income taxes consists primarily of state minimum taxes in the United States and foreign income taxes. As we expand the scale of our international business activities, any changes in the U.S. and foreign taxation of such activities may increase our overall provision for income taxes in the future. We have a valuation allowance for our U.S. deferred tax assets, including federal and state net operating loss carryforwards, or NOLs. We expect to maintain this valuation allowance until it becomes more likely than not that the benefit of our federal and state deferred tax assets will be realized by way of expected future taxable income in the United States.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our condensed consolidated financial statements and the notes thereto. All dollar amounts herein are in thousands unless otherwise noted.

Revenue

Service revenue	2020		2019		Change		
Three months ended December 31,	$	127,107	$	110,363	$	16,744	15.2 %
Percentage of total revenue		93.0 %		93.1 %			
Nine months ended December 31,	$	362,232	$	301,547	$	60,685	20.1 %
Percentage of total revenue		93.4 %		92.9 %			

Service revenue increased for the three and nine months ended December 31, 2020, compared with the same period of the previous fiscal year primarily due to a net increase in our customer base, expanded offerings to existing customers, and growth in related usage; service revenue from new customers was primarily driven by sales of standalone and bundled UCaaS and CCaaS deals, globally, to our mid-market and enterprise customers. The increase in service revenue was also attributable to growth in usage revenue generated by our CPaaS products primarily in the APAC region.

We expect total service revenue to grow over time with our expanding platform offering as our business continues to expand globally and across broader customer categories.

Other revenue	2020		2019		Change		
Three months ended December 31,	$	9,578	$	8,204	$	1,374	16.7 %
Percentage of total revenue		7.0 %		6.9 %			
Nine months ended December 31,	$	25,393	$	23,212	$	2,181	9.4 %
Percentage of total revenue		6.6 %		7.1 %			

Other revenue increased during the three months and nine months ended December 31, 2020, compared with the same period in the prior fiscal year. The increase was driven by professional services revenue resulting from the overall growth in our business and customer base, partially offset by a decrease in product revenue as a result of shift towards hardware rental program.

We expect other revenue to grow over time, while we focus on delivering higher margin platform offerings to existing and new customers.

No customer represented greater than 10% of the Company's total revenue for the three and nine months ended December 31, 2020 or 2019.

Cost of Revenue

Cost of service revenue	2020		2019		Change		
Three months ended December 31,	$	47,044	$	40,786	$	6,258	15.3 %
Percentage of service revenue		37.0 %		37.0 %			
Nine months ended December 31,	$	132,843	$	101,899	$	30,944	30.4 %
Percentage of service revenue		36.7 %		33.8 %			

Cost of service revenue for the three months ended December 31, 2020, increased compared to the same period in the prior fiscal year period, primarily due to a $5.1 million increase in communication infrastructure costs incurred to deliver our services resulting from growth in usage across our platform including those in connection with CPaaS, a $1.7 million increase in amortization of capitalized software, and a $1.1 million increase in stock-based compensation expense. These increases were partially offset by a $0.8 million decrease in depreciation and amortization of intangible assets and a $0.6 million decrease in employee and consulting related expenditures.

Cost of service revenue for the nine months ended December 31, 2020, increased over the same prior fiscal year period, primarily due to $25.4 million increase in communication infrastructure costs incurred to deliver our services, primarily due to growth in usage across our platform including those in connection with CPaaS, a $5.6 million increase in amortization of capitalized software, and a $3.1 million increase in stock-based compensation expense. These increases were partially offset by a decrease of $1.7 million in employee and consulting related expenditures and a decrease of $1.5 million in depreciation and amortization of intangible assets.

We expect that cost of service revenue will increase in absolute dollars over time as revenue continues to grow.

Cost of other revenue	2020		2019		Change		
Three months ended December 31,	$	13,364	$	15,433	$	(2,069)	(13.4)%
Percentage of other revenue		139.5 %		188.1 %			
Nine months ended December 31,	$	36,194	$	41,708	$	(5,514)	(13.2)%
Percentage of product revenue		142.5 %		179.7 %			

Cost of other revenue for the three and nine months ended December 31, 2020, decreased compared to the same periods in the prior fiscal year, primarily due to a decrease in cost of products as a result of decrease in hardware shipment volume, improved pricing, and increase in our hardware rental program, which has better margins than hardware sales.

Operating Expenses

Research and development	2020		2019		Change		
Three months ended December 31,	$	23,702	$	19,870	$	3,832	19.3 %
Percentage of total revenue		17.3 %		16.8 %			
Nine months ended December 31,	$	66,763	$	57,635	$	9,128	15.8 %
Percentage of total revenue		17.2 %		17.7 %			

Research and development expenses for the three months ended December 31, 2020, increased compared to the same prior fiscal year period, primarily due to a $2.7 million increase in stock-based compensation expense, a $1.7 million lower allocation to capitalized software costs, and a $0.4 million increase in amortization of capitalized software. These increases were partially offset by a $0.4 million decrease in employee and consulting related expenditures, a $0.4 million decrease in travel related costs, and a $0.2 million decrease in facility related costs.

Research and development expenses for the nine months ended December 31, 2020, increased compared to the same prior fiscal year period, primarily due to a $9.5 million increase in stock-based compensation expense, a $1.1 million increase in public cloud expenses, and a $0.9 million increase in amortization of capitalized software. These increases were partially offset by a $1.4 million decrease in travel related costs, a $0.6 million decrease in the cost for computer supplies, and an increase in the capitalization of internally developed software costs of $0.3 million.

We plan to continue to invest in research and development to support our efforts to expand the capabilities and scope of our platform and to enhance the user experience. While we expect to continue to improve our cost structure and achieve operational efficiencies, we expect that research and development expenses will increase in absolute dollars in future periods as we continue to invest in our development efforts, and vary from period-to-period as a percentage of revenue.

Sales and marketing	2020		2019		Change		
Three months ended December 31,	$	63,986	$	63,099	$	887	1.4 %
Percentage of total revenue		46.8 %		53.2 %			
Nine months ended December 31,	$	185,535	$	174,593	$	10,942	6.3 %
Percentage of total revenue		47.9 %		53.8 %			

Sales and marketing expenses for the three months ended December 31, 2020, increased slightly over the same prior fiscal year period, primarily due to a $4.2 million increase in stock-based compensation expense, a $3.4 million increase in channel commissions, and a $2.2 million increase in amortization of deferred sales commission costs. These increases were partially offset by a net decrease of $8.8 million in marketing program and public cloud expenses due to gained efficiencies in lead generation and brand awareness, travel related costs, and employee and consulting related expenditures.

Sales and marketing expenses for the nine months ended December 31, 2020, increased over the same prior fiscal year period, primarily due to a $9.5 million increase in channel commissions, a $7.7 million increase in stock-based compensation expense, a $6.2 million increase in amortization of deferred sales commission costs, and a $4.8 million increase in employee and consulting related expenditures, and a $2.3 million increase in marketing software and application costs. These increases were partially offset by a net decrease of $19.9 million in marketing program and public cloud expenses due to gained efficiencies in lead generation and brand awareness and travel related costs.

We plan to continue investing in sales and marketing to attract and retain customers on our platform and to increase our brand awareness. While we expect to continue to improve our cost structure and achieve operational efficiencies, we expect that sales and marketing expenses will increase in absolute dollars in future periods and vary from period-to-period as a percentage of revenue.

General and administrative	2020		2019		Change		
Three months ended December 31,	$	23,844	$	22,547	$	1,297	5.8 %
Percentage of total revenue		17.4 %		19.0 %			
Nine months ended December 31,	$	72,403	$	62,589	$	9,814	15.7 %
Percentage of total revenue		18.7 %		19.3 %			

General and administrative expenses for the three months ended December 31, 2020, increased as compared to the same prior fiscal year period, primarily due to a $1.8 million increase in employee and consulting related expenditures, including CEO succession costs, and $0.6 million higher allowance for credit losses, partially in response to external market factors and uncertainties in connection with the COVID-19 pandemic. These increases were partially offset by a $0.8 million decrease in stock-based compensation expense and a $0.5 million decrease in acquisition and integration costs.

General and administrative expenses for the nine months ended December 31, 2020, increased over the same prior fiscal year period, primarily due to a $3.6 million increase in stock-based compensation expense, a $3.4 million increase in employee and consulting related expenditures, including CEO succession costs, $2.6 million higher allowance for credit losses, partially in response to external market factors and uncertainties in connection with the COVID-19 pandemic, a $2.3 million increase in tax related expense, and a $1.5 million increase in depreciation expense. These increases were partially offset by a $2.0 million decrease in acquisition and integration costs and a $1.5 million decrease in contract termination costs.

We expect to continue improving our cost structure and achieve operational efficiencies, and therefore also expect that general and administrative expenses as a percentage of total revenue will decline over time.

Other expense, net	**2020**		**2019**		**Change**		
Three months ended December 31,	$	4,669	$	3,623	$	1,046	28.9 %
Percentage of total revenue		3.4 %		3.1 %			
Nine months ended December 31,	$	13,772	$	7,919	$	5,853	73.9 %
Percentage of total revenue		3.6 %		2.4 %			

Other expense, net of other income increased for the three months ended December 31, 2020, over the same prior fiscal year period, primarily due to $0.7 million of lower interest income and a $0.7 million increase in expense related to contractual interest, amortization of debt discount, and amortization of issuance costs associated with additional convertible notes issued in November 2019. These increases were partially offset by a $0.2 million increase in other income and impacts from fluctuations in foreign exchange rates.

Other expense, net of other income for the nine months ended December 31, 2020, increased over the same prior fiscal year period, primarily due to $3.4 million of lower interest income and a $2.8 million increase in expense related to contractual interest, amortization of debt discount, and amortization of issuance costs associated with additional convertible notes issued in November 2019. These increases were partially offset by $0.5 million of higher other income.

With the recognition of interest expense and amortization of debt discount and issuance costs in connection with our convertible senior notes, we expect to continue to be in a net expense position for the foreseeable future.

Provision for income taxes	**2020**		**2019**		**Change**		
Three months ended December 31,	$	301	$	280	$	21	7.5 %
Percentage of loss before provision for income taxes		(0.8)%		(0.6)%			
Nine months ended December 31,	$	666	$	684	$	(18)	(2.6)%
Percentage of loss before provision for income taxes		(0.6)%		(0.6)%			

We estimate our annual effective tax rate at the end of each quarter. In estimating the annual effective tax rate, we consider, among other things, annual pre-tax income, permanent tax differences, the geographic mix of pre-tax income and the application and interpretations of existing tax laws. We record the tax effect of certain discrete items, which are unusual or occur infrequently, in the interim period in which they occur, including changes in judgment about deferred tax valuation allowances. The determination of the effective tax rate reflects tax expense and benefit generated in certain domestic and foreign jurisdictions. However, jurisdictions with a year-to-date loss where no tax benefit can be recognized are excluded from the annual effective tax rate.

Liquidity and Capital Resources

As of December 31, 2020, we had $152.5 million of cash, cash equivalents, and investments. In addition, as of December 31, 2020, we had restricted cash including $8.6 million in support of letter of credits securing leases for office facilities and $6.9 million held in escrow for our acquisition of Wavecell in July 2019, pursuant to the terms of the acquisition agreement.

During the three months ended December 31, 2020, $3.5 million of restricted cash was released, and the remaining amount of $6.9 million held in escrow for our acquisition of Wavecell was released in January 2021. By comparison, at March 31, 2020, we had $186.9 million of cash, cash equivalents, and investments and $19.0 million of restricted cash.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was passed into law, which amended portions of relevant tax laws and provided relief to certain qualifying entities. In connection with the CARES Act, the Company elected to defer certain employer payroll taxes, which reduced cash usage by $5.0 million through December 31, 2020. The amounts deferred will be remitted to tax authorities during the third quarter of fiscal 2022 and fiscal 2023, respectively, when they become due. Other jurisdictions around the world have also provided similar tax relief, which the Company has elected to receive, where applicable; these benefits have a lesser impact to our expected cash flows during fiscal 2021.

In June 2020, the Company offered its employees a limited opportunity to receive a portion of their cash salary in shares of the Company's common stock. Based on employee elected participation, we expect lower cash usage from payroll compensation of over $4 million during fiscal 2021. In addition, for fiscal 2021, the Company's executives received performance share units in place of a cash bonus plan. The timing of bonus payments for all other eligible employees was changed to semi-annually (in the third and first quarter of each fiscal year) from quarterly as in prior fiscal years.

During the fourth quarter of fiscal 2021, we expect to receive $6.4 million of operating cash inflows from our Lease Assignment. Refer to Note 7. *Leases* in our accompanying condensed consolidated financial statements in Item 1 of this Form 10-Q.

We believe that our existing cash, cash equivalents, and investment balances, and our anticipated cash flows from operations will be sufficient to meet our working capital and expenditure requirements for the next 12 months.

Period-over-Period Changes

Net cash used in operating activities for the nine months ended December 31, 2020, was $14.9 million, compared with $62.8 million in the nine months ended December 31, 2019. Cash used in operating activities was affected by:

- the amount of net income or loss;
- the amount of depreciation and amortization;
- the amortization associated with deferred sales commissions, debt discount and issuance costs;
- the expense associated with stock-based compensation; and
- changes in working capital accounts, particularly in the timing of collections from receivable and payments of obligations, such as commissions.

During the nine months ended December 31, 2020, net cash used in operating activities was primarily related to the net loss of $120.6 million, net cash outflow from sales commissions of $21.1 million, which were partially offset by non-cash charges such as stock-based compensation expense of $74.9 million, depreciation and amortization of $34.1 million, amortization of debt discount of $12.6 million, and operating lease expenses of $11.5 million.

Net cash used in investing activities was $27.1 million in the nine months ended December 31, 2020, compared with $84.8 million in the nine months ended December 31, 2019. The cash used in investing activities during the nine months ended December 31, 2020, was related to capitalized internal software development costs of $22.9 million, purchases of $5.0 million of property and equipment, and $3.5 million release of cash held in escrow associated with an acquisition during the second quarter of fiscal 2020, partially offset by $4.2 million of proceeds from maturities and sales of investments, net of purchase.

Net cash provided by financing activities was $5.9 million in the nine months ended December 31, 2020, compared with $65.8 million in the nine months ended December 31, 2019. Cash provided by financing activities for the nine months ended December 31, 2020 was primarily related to the proceeds from issuance of common stock under the ESPP.

CRITICAL ACCOUNTING POLICIES & ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures of assets and liabilities. On an on-going basis, we evaluate our critical accounting policies and estimates. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

With the exception of changes described within Part I, Item 1, Note 2, "Summary of Significant Accounting Policies", due to the adoption of ASU 2016-03, there have been no significant changes during the three months ended December 31, 2020, to our critical accounting policies and estimates previously disclosed in our Form 10-K for the fiscal year ended March 31, 2020.

NEW ACCOUNTING PRONOUNCEMENTS

For a discussion of recently adopted accounting pronouncements and recent accounting pronouncements not yet adopted, see Item 1 of Part I, "Notes to Unaudited Condensed Consolidated Financial Statements - Note 2 - Summary of Significant Accounting Policies."

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Fluctuation Risk

We had cash, cash equivalents, restricted cash, and investments totaling $168.0 million as of December 31, 2020. Cash equivalents and investments were invested primarily in money market funds, U.S. treasury, commercial paper, and corporate bonds. Our investment policy is focused on the preservation of capital and supporting our liquidity needs. Under the policy, we invest in highly rated securities, while limiting the amount of credit exposure to any one issuer other than the U.S. government. We do not invest in financial instruments for trading or speculative purposes, nor do we use leveraged financial instruments. We utilize external investment managers who adhere to the guidelines of our investment policy. A hypothetical 10% change in interest rates would not have a material impact on the value of our cash, cash equivalents, or available-for-sale investments.

As of December 31, 2020, the Company had $362.5 million or aggregate principal amount of convertible senior notes outstanding, which had an estimated fair value was $527.8 million. The fair value of the convertible senior notes is subject to interest rate risk, market risk, and other factors due to the conversion feature. The fair value of the convertible senior notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines. The interest and market value changes affect the fair value of the convertible senior notes but do not impact our financial position, cash flows, or results of operations due to the fixed nature of the debt obligation. Additionally, we carry the convertible senior notes at face value less unamortized discount on our consolidated balance sheets, and we present the fair value for required disclosure purposes only.

Foreign Currency Exchange Risk

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the British Pound, causing both our revenue and our operating results to be impacted by fluctuations in the exchange rates.

Gains or losses from the revaluation of certain cash balances, accounts receivable balances, and intercompany balances that are denominated in these currencies impact our net income (loss). A hypothetical decrease in all foreign currencies against the US dollar of 10% would not result in a material foreign currency loss on foreign-denominated balances for the three and nine months ended December 31, 2020. As our foreign operations expand, our results may be more impacted by fluctuations in the exchange rates of the currencies in which we do business.

At this time, we do not, but we may in the future, enter into financial instruments to hedge our foreign currency exchange risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Disclosure Controls) that are designed to ensure that information we are required to disclose in reports filed or submitted under the Securities and Exchange Act of 1934 is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

As of the end of the period covered by this Quarterly Report on Form 10-Q, under the supervision of our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our Disclosure Controls. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our Disclosure Controls were effective as of December 31, 2020.

Limitations on the Effectiveness of Controls

Our management, including the Chief Executive Officer and Chief Financial Officer, do not expect that our Disclosure Controls or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Changes in Internal Control over Financial Reporting

During the third quarter of fiscal year 2021, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 8, "Legal Proceedings" of Notes to Unaudited Condensed Consolidated Financial Statements under ITEM 1. FINANCIAL STATEMENTS of PART I is incorporated by reference in response to this item.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in our Form 10-K for the fiscal year ended March 31, 2020, and on our quarterly report on Form 10-Q for the three months ended June 30, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Registrant, dated August 22, 2012 (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed May 27, 2013).
3.2	Amended and Restated By-Laws of 8x8, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed July 28, 2015).
4.1	Indenture, dated as of February 19, 2019, between 8x8, Inc. and Wilmington Trust, National Association, as trustee (including form of Note) (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed February 19, 2019).
10.1	Employment Agreement dated December 9, 2020, between 8x8, Inc. and David Sipes (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed December 10, 2020).*
10.2	Separation, Transition, and General Release Agreement dated December 9, 2020, between 8x8, Inc. and Vikram Verma (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed December 10, 2020).*
10.3	8x8, Inc. Amended and Restated 1996 Employee Stock Purchase Plan, effective August 10, 2020.*+
10.4	Employment Agreement, dated October 23, 2019, between 8x8, Inc. and Germaine Cota.*+
31.1	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the 8x8, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of June 30, 2020 and March 31, 2020; (ii) Condensed Consolidated Statements of Operations for the three months ended June 30, 2020 and 2019; (iii) Condensed Consolidated Statements of Comprehensive Loss for the three months ended June 30, 2020 and 2019; (iv) Condensed Consolidated Statements of Stockholders' Equity for the three months ended June 30, 2020 and 2019; (v) Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2020 and 2019; and (vi) notes to unaudited condensed consolidated financial statements.
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101.

* Management contract or compensatory plan or arrangement.

\+ Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: January 29, 2021

8X8, INC.

By: /s/ Samuel Wilson

Samuel Wilson
Chief Financial Officer
(Principal Financial, Accounting and Duly Authorized Officer)

8X8, INC.

AMENDED AND RESTATED 1996 EMPLOYEE STOCK PURCHASE PLAN

The following constitute the provisions of the 1996 Employee Stock Purchase Plan of 8x8, Inc., as restated by the Board on January 28, 2020 (the "Restatement Date"), effective for Purchase Periods beginning on and after August 10, 2020 (the "Effective Date"), and subsequently amended by the Board on May 4, 2020, and approved by the stockholders on August 10, 2020.

For the avoidance of doubt, the 1996 Employee Stock Purchase Plan of 8x8, Inc., as amended and restated effective May 23, 2017 shall continue in full force and effect as it applies to the Purchase Period that began on February 1, 2020.

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. Except as otherwise provided in Section 13(b) of the Plan, it is the intention of the Company to have the Offerings under the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"). The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of Section 423 of the Code.

2. Definitions.

(a) "Administrator" shall mean the Board or a committee of members of the Board appointed by the Board to administer the Plan.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Common Stock" shall mean the common stock of the Company.

(d) "Company" shall mean 8x8, Inc.

(e) "Compensation" shall mean all base straight time gross earnings, commissions and standard incentive cash bonus compensation, exclusive of payments for overtime, shift premium, incentive payments, new hire bonuses, retention bonuses, and non-standard bonuses, and other compensation.

(f) "Current Purchase Period" shall mean any Purchase Period which is scheduled to end in the current calendar year, as determined at the relevant time.

(g) "Designated Subsidiaries" shall mean the Subsidiaries which have been designated by the Administrator from time to time in its sole discretion as eligible to participate in Offerings under the Plan.

(h) "Employee" shall mean any individual who is an employee of the Company or a Designated Subsidiary, as applicable, for tax purposes whose customary employment with the Company or applicable Designated Subsidiary is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company (or applicable Designated Subsidiary). Where the period of leave exceeds ninety (90) days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the ninety-first (91st) day of such leave.

(i) "Enrollment Date" shall mean the first day of each Offering Period.

(j) "Exercise Date" shall mean the last day of each Purchase Period.

(k) “Fair Market Value” shall mean, as of any date, the value of Common Stock determined as follows:

i. If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Market or The Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable, or;

ii. If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable, or;

iii. In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(l) “New Exercise Date” shall mean the New Exercise Date set for Purchase Periods in the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation in accordance with Section 18(c).

(m) “Offering” shall mean the grant of options to purchase shares of Common Stock under the Plan to Employees of the Company and/or one or more Designated Subsidiaries.

(n) “Offering Periods” shall mean the periods of approximately twelve (12) months during which an option granted pursuant to an Offering may be exercised, commencing on the first Trading Day on or after February 10 and August 10 of each year and terminating on the last Trading Day in the periods ending twelve (12) months later. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan; provided, however, that the duration of an Offering Period shall not exceed twenty-seven (27) months. If an Offering Period is intended to include multiple Purchase Periods but the Fair Market Value of the Common Stock on an Exercise Date during such an Offering Period is lower than the Fair Market Value of the Common Stock on the Enrollment Date of such Offering, then that Offering Period shall automatically terminate after the purchases for such Exercise Date are completed and the participants in such Offering Period shall automatically be enrolled in the immediately following Offering as of the Enrollment Date thereof. Notwithstanding the foregoing, the first Offering Period that commences during the time period between the Restatement Date and the Effective Date (the “Transition Period”) will commence on the first Trading Day on or after February 1.

(o) “Plan” shall mean this Amended and Restated 1996 Employee Stock Purchase Plan.

(p) “Purchase Price” shall mean an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower.

(q) “Purchase Period” shall mean the approximately six (6) month period commencing after one Exercise Date and ending with the next Exercise Date, except that the first Purchase Period of any Offering Period shall commence on the Enrollment Date and end with the next Exercise Date; however the Purchase Period during the Transition Period shall end on July 31, 2020 and the next Purchase Period of the same Offering Period or any new Offering Period shall commence on August 10, 2020.

(r) “Reserves” shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(s) "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than fifty percent (50%) of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary. For purposes of any Offering pursuant to Section 13(b) that is not intended to qualify under Section 423 of the Code, "Subsidiary" shall also include any entity (including any corporation, company or other vehicle organized under local law) of which at least fifty percent (50%) of the voting power is controlled by the Company or a Subsidiary.

(t) "Trading Day" shall mean a day on which national stock exchanges are open for trading.

3. Eligibility.

(a) Any Employee (as defined in Section 2(h)) who, as of the Enrollment Date for a given Offering, is employed by the Company (or a Designated Subsidiary approved by the Administrator to participate in such Offering) shall be eligible to participate in the Plan for that Offering.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries accrues at a rate which exceeds twenty-five thousand dollars ($25,000) worth of stock (determined at the Fair Market Value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offerings. Unless otherwise determined by the Administrator, the Plan shall be implemented by consecutive, overlapping Offerings. The Administrator shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced at least two (2) days prior to the scheduled beginning of the first Offering Period to be affected thereafter. After the Restatement Date, the Administrator shall have the power to establish the terms and conditions of each subsequent Offering including the participating entities (Company and or one or more Designated Subsidiaries), duration of the Offering Period (subject to the twenty-seven (27) month limit established in Section 2(n)), number and frequency of Purchase Periods, Purchase Price (provided that the Purchase Price shall not be lower than eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower) and maximum shares available per eligible Employee (which may not exceed the amounts calculated by Section 6(d) and Section 7 hereof), in each case subject to compliance with the terms and conditions of the Plan (which may be incorporated by reference) and the requirements of Section 423 of the Code, including the requirement that all eligible Employees have the same rights and privileges. The Administrator shall specify the terms and conditions of each Offering prior to the commencement of the Offering, which terms and conditions need not be identical and shall be deemed incorporated by reference and made a part of the Plan.

5. Participation.

(a) An eligible Employee may become a participant in an Offering under the Plan by completing the enrollment process prior to the applicable Enrollment Date. The enrollment process for this purpose will be prescribed and communicated from time to time by the Company to eligible Employees.

(b) Payroll deductions for a participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof.

6. Payroll Deductions.

(a) At the time a participant enrolls in an Offering, he or she shall elect to have payroll deductions made on each pay day during the Offering Period for that Offering in an amount not exceeding twenty percent (20%) of the Compensation which he or she receives on each pay day during the Offering Period. Notwithstanding the foregoing, this Section 6(a) and the Compensation definition in Section 2(e) shall only apply to the portion of the Offering Period that occurs on or following the Effective Date and all Offering Periods thereafter.

(b) All payroll deductions made for a participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. A participant may not make any additional payments into such account.

(c) A participant may discontinue his or her participation in an Offering under the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by filing with the Company an authorization to change the payroll deduction rate pursuant to the process prescribed by the Company from time to time. The Administrator may, in its discretion, limit the number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period commencing after the Company's receipt of the new authorization unless the Company elects to process a given change in participation more quickly. Upon conclusion of an Offering in which a participant was participating, the participant’s enrollment terms and conditions shall automatically apply and the participant shall be enrolled in the next scheduled Offering, unless and until participation is terminated pursuant to Section 10 hereof.

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a participant's payroll deductions may be decreased to zero percent (0%) at such time during any Current Purchase Period that the aggregate of all payroll deductions which were previously used to purchase stock under the Plan in a prior Purchase Period which ended during that calendar year plus all payroll deductions accumulated with respect to the Current Purchase Period equal twenty-one thousand, two hundred fifty dollars ($21,250) or at any time the limit set forth in Section 423(b)(8) of the Code is likely to be exceeded but for such decrease. Payroll deductions shall recommence at the rate previously elected by such participant at the beginning of the first Purchase Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10 hereof.

(e) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the federal, state, or other tax withholding obligations of the participant’s employer (whether the Company or a Designated Subsidiary), if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the employer may, but shall not be obligated to, withhold from the participant's compensation the amount necessary for the employer to meet applicable withholding obligations, including any withholding required to make available to the employer any tax deductions or benefits attributable to participating in an Offering or sale or early disposition of Common Stock by the participant.

7. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering shall be granted an option to purchase on each Exercise Date during such Offering (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions accumulated prior to such Exercise Date and

retained in the participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event shall an Employee be permitted to purchase during each Purchase Period more than a number of shares determined by dividing twenty-five thousand dollars ($25,000) by the Fair Market Value of a share of the Company's Common Stock on the Enrollment Date, and provided further that such purchase shall be subject to the limitations set forth in Sections 3(b) and 12 hereof and in Code Section 423(b)(8). Exercise of the option shall occur as provided in Section 8 hereof, unless the participant has withdrawn pursuant to Section 10 hereof. The option shall expire on the last day of the Offering.

8. Exercise of Option. Unless a participant withdraws from the Plan as provided in Section 10 hereof, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the participant as provided in Section 10 hereof. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Delivery. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall arrange the delivery to each participant, as appropriate, of a certificate representing the shares purchased upon exercise of his or her option or shall cause an appropriate entry to be made in such participant's brokerage account reflecting the shares purchased.

10. Withdrawal; Termination of Employment.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by giving notice pursuant to the process prescribed and communicated by the Company from time to time. All of the participant's payroll deductions credited to his or her account shall be paid to such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering. If a participant withdraws from an Offering, payroll deductions shall not resume at the beginning of the succeeding Offering unless the participant completes the enrollment process again pursuant to Section 5.

(b) Upon a participant's ceasing to be an Employee for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such participant's account during the Offering Period but not yet used to exercise the option shall be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 14 hereof, and such participant's option shall be automatically terminated.

(c) A participant's withdrawal from an Offering shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offerings which commence after the participant’s withdrawal.

11. Interest. No interest shall accrue on the payroll deductions of a participant in the Plan.

12. Stock.

(a) The maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be 3,000,000 shares plus that number of shares of the Company’s Common Stock previously approved and remaining available for issuance under the Plan as of August 10, 2020, subject to adjustment upon changes in capitalization of the Company as provided in Section 18 hereof. If, on a given Exercise Date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(b) The participant shall have no interest or voting right in shares covered by his option until such option has been exercised.

(c) Shares to be delivered to a participant under the Plan shall be registered in the name of the participant or in the name of the participant and his or her spouse.

13. Administration.

(a) The Administrator shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Administrator shall, to the full extent permitted by law, be final and binding upon all parties. Notwithstanding the appointment of a committee to serve as Administrator, the Board may, in its sole discretion, at any time and from time to time, resolve to administer the Plan.

(b) After the Effective Date, the Administrator may initiate separate Offerings through sub plans (which need not qualify under Section 423 of the Code) for the purpose of (i) facilitating participation in the Plan by Employees of Designated Subsidiaries located outside of the United States in compliance with foreign laws and regulations without affecting the qualification of the remainder of the Plan under Section 423 of the Code, or (ii) qualifying an Offering under the Plan for preferred tax treatment under foreign tax laws (which sub plans, at the Administrator's discretion, may provide for allocations of the authorized shares reserved for issue under the Plan as set forth in Section 12(a)). Any sub plan shall be subject to the Offering Period limit established in Section 2(n), the Purchase Price floor established in Section 4 and the overall share limit established in Section 12(a). The rules of such sub plans may take precedence over provisions of the Plan other than the foregoing requirements of Sections 2(n), 4 and 12(a) (including as to participating Designated Subsidiaries, eligible Employees, duration of the Offering Period (including Enrollment Dates), number and frequency of Purchase Periods, Purchase Price, currency exchange rates, and maximum shares available per eligible Employee), but unless otherwise superseded by the terms of such sub plan, the provisions of the Plan shall govern the operation of such sub plan. Alternatively and in order to comply with the laws of a foreign jurisdiction, the Administrator shall have the power, in its discretion, to grant options in an Offering to eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they are also citizens of the United States or resident aliens) that provide terms which are less favorable than the terms of options granted under the same Offering to Employees resident in the United States, subject to compliance with Section 423 of the Code.

14. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

15. Transferability. Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 14 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering in accordance with Section 10 hereof.

16. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

17. Reports. Individual accounts shall be maintained for each participant in the Plan. Statements of account shall be given to participating Employees at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

18. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves, the amount of the annual Plan share replenishment, as well as the price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offerings shall terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Administrator.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, any Purchase Periods then in progress shall be shortened by setting a New Exercise Date and any Offerings then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Administrator shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering as provided in Section 10 hereof.

19. Amendment or Termination.

(a) The Board may at any time and for any reason terminate or amend the Plan. Except as provided in Section 18 hereof, no such termination can affect options previously granted, provided that an Offering may be terminated by the Board on any Exercise Date if the Board determines that the termination of the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 18 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Rule 16b-3 or under Section 423 of the Code (or any successor rule or provision or any other applicable law or regulation), the Company shall obtain stockholder approval in such a manner and to such a degree as required. In addition, the Company shall not amend the Plan to extend the Offering Period limit established in Section 2(n) or to lower the Purchase Price floor established in Section 4, as applicable to any Offering(s) under the Plan or any sub plan established pursuant to Section 13(b), without obtaining stockholder approval.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Administrator shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

i. altering the Purchase Price for any Offering including an Offering underway at the time of the change in Purchase Price;

ii. shortening any Offering Period so that Offering Period ends on a New Exercise Date, including an Offering Period underway at the time of the Administrator action; and

iii. allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Plan participants.

20. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

22. Information to Employees. The Company shall provide to each Employee who acquires shares pursuant to the Plan, not less frequently than annually during the period such individual owns such shares, copies of annual financial statements. The Company shall not be required to provide such statements to key employees whose duties in connection with the Company assure their access to equivalent information.

Exhibit 10.4

October 23, 2019

Germaine Cota

RE: Offer Letter

Dear Germaine,

Congratulations! We are excited to offer you employment with 8x8, Inc. ("8x8" or "Company") in the **full- time** position of **Global Vice President, Finance & Controller** beginning on **January 6, 2020** ("Start Date"). As such, you will have responsibilities and perform duties consistent with this position as assigned to you from time to time by your manager. You will be working for the Company at 2665 N. First Street, San Jose, CA 95131, reporting to your manager, **Steven Gatoff**.

1. **Compensation:**

    a. Salary. You will be paid an annual salary of USD **$300,000.00**, paid semi-monthly in accordance with the Company's standard payroll policies, subject to required withholdings and taxes and any authorized employee deductions. This salary is subject to periodic review.

    b. Bonus. You will be eligible to participate in 8x8's discretionary incentive plan. Your total annual target bonus will be **40%** of your base salary, and any bonus earned with respect to the financial period in which your employment commences will be pro-rated accordingly. The actual bonus amount could be larger or smaller than the target amount, based on your performance, and the performance of the Company. The exact bonus amount is at the sole discretion of the Company. The components and respective attainment will be determined by your management team and the Company, with details to be communicated.

    c. Stock Award. Subject to the approval of 8x8's Board of Directors, you will be granted an award of approximately **USD $675,000.00** in value of restricted stock units ("RSUs"), representing the right to acquire shares of 8x8, Inc. Common Stock upon vesting. The actual number of shares subject to the RSU award will be determined by dividing the value of the RSU award by the trailing 30- trading-day average of 8x8's closing stock price prior to the date of grant (which is typically on or about the 15th day of the calendar month immediately following your Start Date). We anticipate that this award will be subject to the terms of the 8x8, Inc. Amended and Restated 2012 Equity Incentive Plan, as amended (a copy of which is available with 8x8's SEC filings at www.sec.gov). The shares will vest over a three-year period, with one-third (1/3) vesting on the first anniversary of the grant date, and the remainder vesting in eight (8) equal quarterly installments thereafter, subject to your continued employment or other qualifying association with the Company or any of its affiliates.

d. Stock Award: Subject to the approval of 8x8's Board of Directors, you will be granted a special award of approximately $200,000 in value of restricted stock units (RSU's), representing the right to acquire shares of 8x8, Inc. common stock (NYSE:EGHT) upon vesting. The actual number of shares subject to the RSU award will be determined by dividing the value of the RSU award by the trailing 30-trading-day average of 8x8's closing stock price prior to the date of grant (which is typically on or about the 15th day of the calendar month immediately following the employee's start date). We anticipate that this award will be subject to the terms of the 8x8, Inc. Amended and Restated 2012 Equity Incentive Plan, as amended (a copy of which is available with 8x8's SEC filings at www.sec.gov). The shares will vest over a one (1) year period, at a rate of one-hundred percent (100%) of the total number of underlying shares fully vesting on the first anniversary of your employment start date, subject to your continued employment or other qualifying association with the Company or any of its affiliates.

e. Performance Stock Award:

i. Subject to the approval of 8x8's Board of Directors, you will be granted a performance stock award of approximately **USD $225,000.00** in value of performance stock units (PSU's). The actual number of shares subject to the PSU award will be determined by dividing the value of the PSU award by the trailing 30-trading-day average of 8x8's closing stock price prior to the date of grant (which is typically on or about the 15th day of the calendar month immediately following the Start Date). The performance metrics and vesting terms subject to this award are as set forth in the attached **Exhibit A**.

2. **Benefits:** You will be eligible to participate in the Company's standard vacation, medical, vision, dental insurance benefits and 401(k) plan available to similarly situated employees according to the benefit plans and Company policy.

3. **Pre-Employment Conditions:**

i. Confidentiality and Inventions Assignment Agreement. Like all Company employees, you will be required to sign the Company's standard Confidential Information and Inventions Assignment Agreement ("Confidentiality Agreement"), which includes covenants relating to, among other matters, protection of the Company's proprietary and confidential information, assignment of inventions and non-solicitation of Company employees for 12 months following the termination of your employment.

ii. This offer will be withdrawn if any of the above conditions are not satisfied.

4. **Compliance with Obligations to Current and Former Employers:** 8x8 is hiring you for your talents, skills, general industry knowledge and expertise. During the course of your employment with 8x8, we expect you to comply with any and all obligations you may have to any former employers (including your current employer), including, for example, any prohibitions against the use or disclosure of such employer's confidential information, or the solicitation of its employees.

a. You must not use or disclose during the course of your employment with 8x8, any trade secrets or other confidential information of any former employer or any other company not affiliated with 8x8, nor should you copy or take with you any confidential or proprietary materials from another company. You will not need this information to perform your duties at 8x8 and using such information would violate 8x8 policies.

b. You represent and agree that your employment with 8x8 will not violate any restrictions against competition or similar covenants to which you may be subject.

5. **Severance Benefits:** You will be entitled to benefits under the 8x8, Inc. 2019 Change in Control Policy for Non-Executive Key Employees, in accordance with the terms thereof. Such benefits include potential vesting acceleration of stock-based compensation and/or cash severance upon the termination of your employment under specified circumstances, including in connection with a Change-in-Control (as defined in the Policy), subject to the terms and conditions of the Policy. A copy of the Policy, as in effect on the date of this offer letter, is attached for reference as **Exhibit B**.

6. **At-Will Employment:** This Offer Letter does not constitute a contract of employment for any period of time. You will be an employee-at-will, meaning that either you or the Company may terminate your employment at any time, with or without cause, with or without notice, for any reason or no particular reason. Although your compensation and benefits may change from time to time, the at-will nature of your employment may only be changed by an express written agreement signed by an authorized officer of the Company. Your signature at the end of this Offer Letter confirms that no promises or agreements that are contrary to our at-will relationship have been committed to you during any of your pre- employment discussions with 8x8.

7. **General Obligations**: At all times during your employment, you are expected to adhere to the Company's standards of professionalism, loyalty, integrity, honesty, reliability and respect for all. You also agree to observe, respect and comply with all policies and procedures of the Company, whether written or oral, including but not limited to the Company's Employee Handbook.

8. **No Outside Consulting:** You agree not to serve on any board of directors or equivalent governing body for any other organization, nor to perform any outside consulting work for any other person or organization, while employed full-time at the Company, other than with the advance written approval of the Senior Vice President of Human Resources of the Company.

9. **8x8 is an E-Verify employer**: 8x8 uses E-Verify to establish identity and authorization to work as required by the Immigration Reform and Control Act of 1986 ("IRCA"). E-Verify is an Internet-based system maintained by the U.S. government that allows businesses to determine the eligibility of their employees to work in the United States. E-Verify compares information from an employee's Form I-9 to data from U.S. Department of Homeland Security and Social Security Administration records to confirm employment eligibility. For more information about E-Verify, please go to the government's website at: www.uscis.gov/e-verify.

10. **Miscellaneous.** This Offer Letter, including all referenced plans, policies, and Confidentiality Agreement, sets forth the entire agreement between the Company and you with respect to its subject matter and supersedes all prior agreements between the Company and you, whether oral or written. The Company reserves the right, in its sole discretion, to modify or rescind any of the terms set forth in this letter at any time during the course of your employment, to the extent permitted by law.

We look forward to working with you. To indicate your acceptance of the Company's offer, please electronically sign and date this letter on or before 5:00pm Pacific Time on **10/28/2019**, after which time this offer will be withdrawn.

Congratulations and welcome to the 8x8 team!

Sincerely,
8x8, Inc.

By: /s/ Vikram Verma
Vikram Verma
Chief Executive Officer

Accepted and Agreed:
/s/ Germaine Cota October 28, 2019
Germaine Cota

EXHIBIT A

8x8 – Performance Stock Plan Summary:

PSUs will vest (1) as to 50% of the total number of “on-target” shares, on the second anniversary of the performance measurement date, and (2) as to the remaining 50% of the total number of “on-target” shares, of the performance measurement date, in each case subject to performance of the Company's Common Stock relative to the Russell 2000 Index during the period from grant date through the applicable vesting date, with 100% (or more) of the applicable tranche vesting if the total shareholder return (TSR) of the Company's Common Stock equals (or exceeds) the TSR of the Russell 2000 Index over the applicable measurement period. The number of PSUs that vest will be increased (or decreased), relative to target, by 2% for each 1% positive (or negative) difference in the TSR of the Company's Common Stock relative to the TSR of the Russell 2000 Index; provided, however, (1) in the event the TSR of the Company's Common Stock is more than 30% lower than the TSR of the Russell 2000 Index for the applicable measurement period, no PSUs of the applicable tranche shall vest, and (2) in no event will the total number of PSUs that vest in the event of a positive difference in the TSR of the Company's Common Stock relative to the TSR of the Russell 2000 Index exceed 200% of the total number of “on-target” PSUs in the applicable tranche.

Performance Relative to the Russell 2000	Payout
Below -30%	0%
-30%	40%
0.00%	100%
At or Above 50%	200%

TSR shall be determined on a percentage basis based on the value of a $100 investment in Company Common Stock and the Russell 2000 Index on the grant date, including deemed reinvestment of dividends. Fair market value of Company Common Stock and the Russell 2000 Index on any particular date shall be the 30-day trading average price for the period prior to and through the date of determination.

In addition, and notwithstanding anything herein to the contrary, all vesting is subject to continued employment or other association with the Company through the end of the applicable measurement period.

Performance Measurement Period: September 17, 2019 – September 17, 2022 Second Anniversary of Performance Measurement Date: September 17, 2021 Third Anniversary of Performance Measurement Date: September 17, 2022

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Sipes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 8x8, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 29, 2021

/s/ DAVID SIPES

David Sipes
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Samuel Wilson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 8x8, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 29, 2021

/s/ SAMUEL WILSON
Samuel Wilson
Chief Financial Officer
(Principal Financial, Accounting and Duly Authorized Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of 8x8, Inc. (the "Company") for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Sipes, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID SIPES
David Sipes
Chief Executive Officer

January 29, 2021

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, or otherwise required, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of 8x8, Inc. (the "Company") for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Samuel Wilson, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SAMUEL WILSON
Samuel Wilson
Chief Financial Officer
(Principal Financial, Accounting and Duly Authorized Officer)

January 29, 2021

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, or otherwise required, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.