Nuance Communications, Inc.
Form 10-Q
February 09, 2018

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

Form 10-Q

(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 2017
Or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 000-27038

NUANCE COMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or Other jurisdiction of incorporation or organization)	94-3156479 (I.R.S. Employer Identification No.)
1 Wayside Road Burlington, Massachusetts (Address of principal executive offices)	01803 (Zip Code)

Registrant’s telephone number, including area code:
(781) 565-5000

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý 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. (Check one):

Large accelerated filer ý Accelerated filer ¨	Emerging growth company ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting 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 ý

The number of shares of the Registrant's Common Stock, outstanding as of January 31, 2018 was 293,699,330.

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NUANCE COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	2017	2016
	(Unaudited) (In thousands, except per share amounts)	
Revenues:		
Professional services and hosting	$259,027	$253,417
Product and licensing	161,810	151,752
Maintenance and support	80,808	82,489
Total revenues	501,645	487,658
Cost of revenues:		
Professional services and hosting	172,528	164,892
Product and licensing	19,069	18,378
Maintenance and support	14,241	13,598
Amortization of intangible assets	15,356	15,542
Total cost of revenues	221,194	212,410
Gross profit	280,451	275,248
Operating expenses:		
Research and development	73,366	66,322
Sales and marketing	101,960	101,516
General and administrative	52,892	39,790
Amortization of intangible assets	23,064	27,859
Acquisition-related costs, net	5,561	9,026
Restructuring and other charges, net	14,801	6,703
Total operating expenses	271,644	251,216
Income from operations	8,807	24,032
Other (expense) income:		
Interest income	2,192	1,023
Interest expense	(36,070)	(38,021)
Other expense, net	(222)	(610)
Loss before income taxes	(25,293)	(13,576)
(Benefit) provision for income taxes	(78,521)	10,353
Net income (loss)	$53,228	$(23,929)
Net income (loss) per share:		
Basic	$0.18	$(0.08)
Diluted	$0.18	$(0.08)
Weighted average common shares outstanding:		
Basic	291,367	288,953
Diluted	295,995	288,953

See accompanying notes.

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NUANCE COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended December 31,	
	2017	2016
	(Unaudited)	
	(In thousands)	
Net income (loss)	$53,228	$(23,929)
Other comprehensive income (loss):		
Foreign currency translation adjustment	1,515	(30,566)
Pension adjustments	116	118
Unrealized loss on marketable securities	(277)	(31)
Total other comprehensive income (loss), net	1,354	(30,479)
Comprehensive income (loss)	$54,582	$(54,408)

See accompanying notes.

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NUANCE COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2017 (Unaudited)	September 30, 2017
	(In thousands, except per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$398,461	$592,299
Marketable securities	112,044	251,981
Accounts receivable, less allowances for doubtful accounts of $13,013 and $14,333	432,552	395,392
Prepaid expenses and other current assets	105,411	88,269
Total current assets	1,048,468	1,327,941
Marketable securities	42,115	29,844
Land, building and equipment, net	172,748	176,548
Goodwill	3,600,768	3,590,608
Intangible assets, net	627,556	664,474
Other assets	145,902	142,508
Total assets	$5,637,557	$5,931,923
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$—	$376,121
Contingent and deferred acquisition payments	15,506	28,860
Accounts payable	82,674	94,604
Accrued expenses and other current liabilities	193,406	245,901
Deferred revenue	427,541	366,042
Total current liabilities	719,127	1,111,528
Long-term debt	2,299,594	2,241,283
Deferred revenue, net of current portion	453,106	423,929
Deferred tax liabilities	35,769	131,320
Other liabilities	104,830	92,481
Total liabilities	3,612,426	4,000,541
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, $0.001 par value per share; 560,000 shares authorized; 297,243 and 293,938 shares issued and 293,492 and 290,187 shares outstanding, respectively	297	294
Additional paid-in capital	2,669,291	2,629,245
Treasury stock, at cost (3,751 shares)	(16,788)	(16,788)
Accumulated other comprehensive loss	(99,988)	(101,342)
Accumulated deficit	(527,681)	(580,027)
Total stockholders' equity	2,025,131	1,931,382
Total liabilities and stockholders' equity	$5,637,557	$5,931,923

See accompanying notes.

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NUANCE COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended December 31,	
	2017	2016
	(Unaudited) (In thousands)	
Cash flows from operating activities:		
Net income (loss)	$53,228	$(23,929)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	54,315	58,006
Stock-based compensation	37,986	39,130
Non-cash interest expense	13,341	13,039
Deferred tax (benefit) provision	(97,226)	2,006
Other	631	1,856
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	(36,340)	(9,713)
Prepaid expenses and other assets	(18,972)	(15,999)
Accounts payable	(11,856)	(21,244)
Accrued expenses and other liabilities	3,099	5,841
Deferred revenue	87,899	75,907
Net cash provided by operating activities	86,105	124,900
Cash flows from investing activities:		
Capital expenditures	(12,543)	(11,399)
Payments for business and asset acquisitions, net of cash acquired	(8,648)	(22,949)
Purchases of marketable securities and other investments	(32,447)	(72,797)
Proceeds from sales and maturities of marketable securities and other investments	159,805	10,105
Net cash provided by (used in) investing activities	106,167	(97,040)
Cash flows from financing activities:		
Payments and redemption of debt	(331,172)	—
Proceeds from issuance of long-term debt, net of issuance costs	—	495,000
Acquisition payments with extended payment terms	(16,880)	—
Net payments on other long-term liabilities	(65)	(87)
Proceeds from issuance of common stock from employee stock plans	6	45
Cash used to net share settle employee equity awards	(38,617)	(40,360)
Net cash (used in) provided by financing activities	(386,728)	454,598
Effects of exchange rate changes on cash and cash equivalents	618	(2,471)
Net (decrease) increase in cash and cash equivalents	(193,838)	479,987
Cash and cash equivalents at beginning of period	592,299	481,620
Cash and cash equivalents at end of period	$398,461	$961,607

See accompanying notes.

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NUANCE COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Presentation

The condensed consolidated financial statements include the accounts of Nuance Communications, Inc. (“Nuance”, “we”, "our", or “the Company”) and our wholly-owned subsidiaries. We prepared the unaudited interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (the “U.S.” or the "United States") and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). The condensed consolidated financial statements reflect all normal and recurring adjustments that, in our opinion, are necessary to present fairly our financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and classifications of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period.

Although we believe the disclosures included herein are adequate to ensure that the condensed consolidated financial statements are fairly presented, certain information and footnote disclosures to the financial statements have been condensed or omitted in accordance with the rules and regulations of the SEC. Accordingly, the condensed consolidated financial statements and the footnotes included herein should be read in conjunction with the audited financial statements and the footnotes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2017. The results of operations for the three months ended December 31, 2017 and 2016, are not necessarily indicative of the results for the entire fiscal year or any future period.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Standards

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory" ("ASU 2016-16"), which requires income tax consequences of inter-company transfers of assets other than inventory to be recognized when the transfer occurs. ASU 2016-16 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. We early adopted the guidance during the first quarter of fiscal year 2018. As a result, deferred tax liabilities of $0.9 million arising from inter-company transfers in prior years were recognized and recorded against the beginning balance of accumulated deficit in the first quarter of fiscal year 2018. The adoption of the guidance does not have a material impact on our consolidated financial statements for any period presented.

Recently Issued Accounting Standards

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"), which is effective for fiscal years beginning after December 15, 2017 and the interim periods therein, with early adoption permitted. The guidance requires cash flows with multiple characteristics to be classified using a three-step process, including (i) determining whether explicit guidance is applicable, (ii) separating each identifiable source or use of cash flows, and (iii) determining the predominant source or use of cash flows when the source or use of cash flows cannot be separately identifiable. We are still evaluating the impact of the guidance on our consolidated financial statement.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. ASU 2016-02 is effective for us in the first quarter of fiscal year 2020, and early application is permitted. We are currently evaluating the impact of our pending adoption of ASU 2016-02 on our consolidated financial statements, and we currently expect that most of our operating lease commitments will be subject to the new standard and recognized as operating lease liabilities and right-of-use assets upon our adoption of ASU 2016-02, which will increase our total assets and total liabilities that we report relative to such amounts prior to adoption.

In January 2016, the FASB issued ASU No. 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). ASU 2016-01 amends the guidance on the classification and measurement of financial instruments. Although ASU 2016-01 retains many current requirements, it significantly revises accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments and is effective for us in the first quarter of fiscal year 2019. Based on the composition of our investment portfolio, we do not believe the adoption of ASU 2016-01 will have a material impact on our consolidated financial statements.

NUANCE COMMUNICATIONS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers: Topic 606" ("ASU 2014-09"), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 permits two methods of adoption: (i) retrospective to each prior reporting period presented; or (ii) retrospective with the cumulative effect of initially applying the guidance recognized at the date of initial application. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date of the new revenue standard for periods beginning after December 15, 2016 to December 15, 2017, with early adoption permitted but not earlier than the original effective date. Accordingly, the updated standard is effective for us in the first quarter of fiscal 2019 and we do not plan to early adopt. In the first quarter of fiscal 2017, we commenced a project to assess the potential impact of the new standard on our consolidated financial statements and related disclosures. This project also includes the assessment and enhancement of our internal processes and systems to address the new standard. While we are continuing to assess all potential impacts of the new standard, we currently believe the most significant impact relates to our accounting for arrangements that include term-based software licenses bundled with maintenance and support. Under current GAAP, the revenue attributable to these software licenses is recognized ratably over the term of the arrangement because vendor-specific objective evidence ("VSOE") does not exist for the undelivered maintenance and support element as it is not sold separately. The requirement to have VSOE for undelivered elements to enable the separation of revenue for the delivered software licenses is eliminated under the new standard. Accordingly, under the new standard we will be required to recognize as revenue a portion of the arrangement fee upon delivery of the software license. While we currently expect revenue related to our professional services and cloud offerings to remain substantially unchanged, we are still in the process of evaluating the impact of the new standard on these arrangements. We plan to adopt this guidance beginning on October 1, 2018 and apply the cumulative catch-up transition method, with a cumulative adjustment to retained earnings as opposed to retrospectively adjusting prior periods.

3. Business Acquisitions

We continue to expand our solutions and integrate our technologies in new offerings through acquisitions. A summary of our acquisition activities for the three months ended December 31, 2017 and December 31, 2016 is as follows:

Fiscal Year 2018

In the first quarter of fiscal year 2018, we completed an acquisition in our Healthcare segment for a total cash consideration of $8.7 million and contingent payments at fair value of $0.5 million. As a result, we recognized goodwill of $6.8 million, and other intangible assets of $2.0 million, with a weighted average life of 2.0 years. The acquisition does not have a material impact on our condensed consolidated financial statements for the period.

Fiscal Year 2017

In the first quarter of fiscal year 2017, we completed several acquisitions in our Enterprise and Healthcare segments for a total cash consideration of $24.2 million and contingent payments at fair value of $1.7 million. As a result, we recognized goodwill of $15.7 million, and other intangible assets of $10.4 million, with a weighted average life of 6.0 years. Such acquisitions were not significant individually or in the aggregate.

Acquisition-Related Costs, net

Acquisition-related costs include costs related to business acquisitions. These costs consist of (i) transition and integration costs, including retention payments, transitional employee costs and earn-out payments, and other costs related to integration activities; (ii) professional service fees, including financial advisory, legal, accounting, and other outside services incurred in connection with acquisition activities, and disputes and regulatory matters related to acquired entities; and (iii) fair value adjustments to acquisition-related contingencies.

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NUANCE COMMUNICATIONS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of acquisition-related costs, net is as follows (dollars in thousands):

	Three Months Ended December 31,	
	2017	2016
Transition and integration costs	$4,062	$3,710
Professional service fees	511	5,017
Acquisition-related adjustments	988	299
Total	$5,561	$9,026

4. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill and intangible assets for the three months ended December 31, 2017 are as follows (dollars in thousands):

	Goodwill	Intangible Assets
Balance at September 30, 2017	$3,590,608	$664,474
Acquisitions (Note 3)	6,790	2,000
Purchase accounting adjustments	(348)	—
Amortization	—	(38,420)
Effect of foreign currency translation	3,718	(498)
Balance at December 31, 2017	$3,600,768	$627,556

5. Financial Instruments and Hedging Activities

Derivatives Not Designated as Hedges

Forward Currency Contracts

We utilize foreign currency forward contracts to mitigate the risks associated with changes in foreign currency exchange rates. Generally, we enter into such contracts for less than 90 days and have no cash requirements until maturity. At December 31, 2017 and September 30, 2017, we had outstanding contracts with a total notional value of $82.4 million and $69.0 million, respectively.

We did not designate any forward contracts as hedging instruments for the three months ended December 31, 2017 or 2016. Therefore, changes in fair value of foreign currency forward contracts were recognized within other expense, net in our condensed consolidated statements of operations. The cash flows related to the settlement of forward contracts not designated as hedging instruments are included in cash flows from investing activities within our consolidated statement of cash flows.

A summary of the derivative instruments as of December 31, 2017 and September 30, 2017 is as follows (dollars in thousands):

		Fair Value	
Derivatives Not Designated as Hedges:	Balance Sheet Classification	December 31, 2017	September 30, 2017
Foreign currency forward contracts	Prepaid expenses and other current assets	$535	$ 220
Foreign currency forward contracts	Accrued expenses and other current liabilities	(65)	(373)

A summary of loss related to the derivative instruments for the three months ended December 31, 2017 and 2016 is as follows (dollars in thousands):

		Three Months Ended December 31,	
Derivatives Not Designated as Hedges	Classification of Loss Recognized in Income	2017	2016
Foreign currency forward contracts	Other expense, net	$(397)	$(11,615)

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NUANCE COMMUNICATIONS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Fair Value Measurements
Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, we consider the principal or most advantageous market in which we would transact and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.
The determination of the applicable level within the hierarchy of a particular financial asset or liability depends on the lowest level of inputs that are significant to the fair value measurement as of the measurement date as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than those described as Level 1.
- Level 3: Unobservable inputs that are supportable by little or no market activities and are based on significant assumptions and estimates.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2017 and September 30, 2017 consisted of the following (dollars in thousands):

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds[a]	$245,036	$—	$—	$245,036
Time deposits[b]	—	99,774	—	99,774
Commercial paper, $38,069 at cost[b]	—	38,182	—	38,182
Corporate notes and bonds, $83,827 at cost[b]	—	83,532	—	83,532
Foreign currency exchange contracts[b]	—	535	—	535
Total assets at fair value	$245,036	$222,023	$—	$467,059
Liabilities:				
Foreign currency exchange contracts[b]	$—	$(65)	$—	$(65)
Contingent acquisition payments[c]	—	—	(10,431)	(10,431)
Total liabilities at fair value	$—	$(65)	$(10,431)	$(10,496)

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds[a]	$381,899	$—	$—	$381,899
Time deposits[b]	—	85,570	—	85,570
Commercial paper, $41,805 at cost[b]	—	41,968	—	41,968
Corporate notes and bonds, $74,150 at cost[b]	—	74,067	—	74,067
Foreign currency exchange contracts[b]	—	220	—	220
Total assets at fair value	$381,899	$201,825	$—	$583,724
Liabilities:				
Foreign currency exchange contracts[b]	$—	$(373)	$—	$(373)
Contingent acquisition payments[c]	—	—	(8,648)	(8,648)
Total liabilities at fair value	$—	$(373)	$(8,648)	$(9,021)

(a) Money market funds and time deposits with original maturity of 90 days or less are included within cash and cash equivalents in the consolidated balance sheets, are valued at quoted market prices in active markets.
(b) Time deposits, commercial paper, corporate notes and bonds, and foreign currency exchange contracts are recorded at fair market values, which are determined based on the most recent observable inputs for similar instruments in

active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable. Time deposits are generally for terms of one year

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NUANCE COMMUNICATIONS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

or less. Commercial paper and corporate notes and bonds generally mature within three years and have a weighted average maturity of 0.54 years as of December 31, 2017 and 0.72 years as of September 30, 2017.

(c) The fair values of our contingent consideration arrangements were determined using either the option pricing model with Monte Carlo simulation or probability-weighted discounted cash flow method.

As of September 30, 2017, $80.2 million of debt securities included within marketable securities were designated as held-to-maturity investments, which had a weighted average maturity of 0.27 years and an estimated fair value of $80.4 million based on Level 2 measurements. No debt securities were designated as held-to-maturity investments as of December 31, 2017.

The estimated fair value of our long-term debt approximated $2,627.2 million (face value $2,587.0 million) and $2,930.9 million (face value $2,918.1 million) as of December 31, 2017 and September 30, 2017, respectively, based on Level 2 measurements. The fair value of each borrowing was estimated using the averages of the bid and ask trading quotes at each respective reporting date. There was no balance outstanding under our revolving credit agreement as of December 31, 2017 or September 30, 2017.

Additionally, contingent acquisition payments are recorded at fair values upon the acquisition, and remeasured in subsequent reporting periods with the changes in fair values recorded within acquisition-related costs, net. Such payments are contingent upon the achievement of specified performance targets and are valued using the option pricing model with Monte Carlo simulation or the probability-weighted discounted cash flow model.

The following table provides a summary of changes in the aggregate fair value of the contingent acquisition payments for the three months ended December 31, 2017 and 2016 (dollars in thousands):

	Three Months Ended December 31,	
	2017	2016
Balance at beginning of period	$8,648	$8,240
Earn-out liabilities established at time of acquisition	500	1,653
Payments and foreign currency translation	(17)	(1,498)
Adjustments to fair value included in acquisition-related costs, net	1,300	566
Balance at end of period	$10,431	$8,961

Contingent acquisition payments are to be made in periods through fiscal year 2019. As of December 31, 2017, the maximum amount payable based on the agreements was $25.1 million if the specified performance targets are achieved.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (dollars in thousands):

	December 31, 2017	September 30, 2017
Compensation	$ 103,991	$ 159,951
Cost of revenue related liabilities	22,066	20,124
Accrued interest payable	21,733	26,285
Consulting and professional fees	19,274	12,649
Facilities related liabilities	5,540	7,158
Sales and marketing incentives	4,190	