

IPASS INC
Form 10-Q
May 07, 2015
Table of Contents

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

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

For the transition period from _____ to _____
000-50327

(Commission File Number)

iPass Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
3800 Bridge Parkway
Redwood Shores, California 94065
(Address of principal executive offices, including zip code)
(650) 232-4100
(Registrant's telephone number, including area code)

93-1214598
(I.R.S. Employer
Identification No.)

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

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

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

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

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

Edgar Filing: IPASS INC - Form 10-Q

The number of shares outstanding of the Registrant's Common Stock, \$0.001 par value, as of April 30, 2015 was 65,564,106.

Table of Contents

IPASS INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED March 31, 2015
TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION:

<u>Item 1. Financial Statements</u>	<u>3</u>
<u>a) Condensed Consolidated Balance Sheets as of March 31 2015, and December 31, 2014 (Unaudited)</u>	<u>3</u>
<u>b) Condensed Consolidated Statements of Comprehensive Loss for the three months ended March 31, 2015 and 2014 (Unaudited)</u>	<u>4</u>
<u>c) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2015 and 2014 (Unaudited)</u>	<u>5</u>
<u>d) Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>6</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>22</u>
<u>Item 4. Controls and Procedures</u>	<u>22</u>

PART II. OTHER INFORMATION:

<u>Item 1A. Risk Factors</u>	<u>23</u>
<u>Item 6. Exhibits</u>	<u>28</u>
<u>SIGNATURE</u>	<u>29</u>
<u>INDEX TO EXHIBITS</u>	<u>30</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

IPASS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$28,600	\$33,814
Accounts receivable, net of allowance for doubtful accounts of \$104 and \$172, respectively	11,149	10,063
Prepaid expenses and other current assets	4,216	4,318
Total current assets	43,965	48,195
Property and equipment, net	5,805	6,213
Other assets	694	847
Total assets	\$50,464	\$55,255
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$6,298	\$7,301
Accrued liabilities	6,399	7,188
Deferred revenue, short-term	1,158	437
Total current liabilities	13,855	14,926
Deferred revenue, long-term	324	115
Vendor financed property and equipment	572	854
Other long-term liabilities	1,034	879
Total liabilities	\$15,785	\$16,774
Stockholders' equity:		
Common stock	65	65
Additional paid-in capital	220,006	220,368
Accumulated deficit	(185,392)	(181,952)
Total stockholders' equity	34,679	38,481
Total liabilities and stockholders' equity	\$50,464	\$55,255
See Accompanying Notes to Condensed Consolidated Financial Statements		

Table of Contents

IPASS INC.
 CONDENSED CONSOLIDATED STATEMENTS OF
 COMPREHENSIVE LOSS

(Unaudited)

(In thousands, except shares and per share amounts)

	Three Months Ended		
	March 31,		
	2015	2014	
Revenue	\$16,558	\$17,637	
Cost of revenues and operating expenses:			
Network access costs	6,675	7,207	
Network operations	2,950	3,717	
Research and development	2,998	3,384	
Sales and marketing	3,182	4,565	
General and administrative	4,236	4,771	
Restructuring charges and related adjustments	21	14	
Total cost of revenue and operating expenses	20,062	23,658	
Operating loss	(3,504	) (6,021)
Interest expense, net	(21	) (33)
Foreign exchange gain (loss), net	189	(71)
Other loss, net	(4) —)
Loss from continuing operations before income taxes	(3,340	) (6,125)
(Provision for) benefit from income taxes	(100	) 179)
Net loss from continuing operations	\$(3,440	) \$(5,946)
Net income from discontinued operations (Note 11)	\$—	\$397)
Total net loss	\$(3,440	) \$(5,549)
Total comprehensive net loss	\$(3,440	) \$(5,549)
Total income (loss) per share - basic and diluted			
Loss from continuing operations	\$(0.05	) \$(0.09)
Income loss from discontinued operations	\$—	\$—)
Total net loss per share	\$(0.05	) \$(0.09)
Weighted average shares outstanding - basic and diluted	62,846,194	64,421,563	

See Accompanying Notes to the Condensed Consolidated Financial Statements

Table of Contents

IPASS INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)
 (In thousands)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$(3,440	) \$(5,549
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation (benefit) expense	(362	) 587
Depreciation and amortization	746	803
Deferred income taxes	(2	) (6
Loss on disposal of property and equipment	4	—
Recovery of doubtful accounts	(63	) (68
Changes in operating assets and liabilities:		
Accounts receivable	(1,024	) 1,096
Prepaid expenses and other current assets	254	527
Other assets	3	31
Accounts payable	(1,152	) (935
Accrued liabilities	(669	) 792
Deferred revenue	930	(459
Other liabilities	11	(63
Net cash used in operating activities	(4,764	) (3,244
Cash flows from investing activities:		
Purchases of property and equipment	(175	) (457
Net cash used in investing activities	(175	) (457
Cash flows from financing activities:		
Net proceeds from issuance of common stock	—	36
Principal payments for vendor financed property and equipment	(275	) (263
Net cash used in financing activities	(275	) (227
Net decrease in cash and cash equivalents	(5,214	) (3,928
Cash and cash equivalents at beginning of period	33,814	24,017
Cash and cash equivalents at end of period	\$28,600	\$20,089
Supplemental disclosures of cash flow information:		
Net cash paid for taxes	\$50	\$47
Accrued amounts for acquisition of property and equipment	\$239	\$217
See Accompanying Notes to Condensed Consolidated Financial Statements		

Table of Contents

IPASS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Basis of Presentation and Recent Accounting Pronouncements

Basis of Presentation

The Condensed Consolidated Financial Statements include the accounts of iPass Inc. (the “Company”) and its wholly owned subsidiaries. The Condensed Consolidated Financial Statements that accompany these notes have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) consistent in all material respects with those applied in the Company’s Annual Report on Form 10-K as of and for the year ended December 31, 2014.

The Condensed Consolidated Financial Statements as of and for December 31, 2014, were derived from audited financial statements but do not include all disclosures required by GAAP. The interim financial information is unaudited but reflects all normal adjustments that are, in the opinion of management, necessary to provide a fair presentation for the interim periods presented. This interim financial information should be read in conjunction with the Consolidated Financial Statements and the Notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014. The results of operations for the three months ended March 31, 2015, are not necessarily indicative of the operating results for the full fiscal year or any future periods.

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results that the Company experiences may differ materially from those estimates.

Estimates are used for, but not limited to, the valuation of accounts receivables, other long-lived assets, network access costs, stock-based compensation, legal contingencies, and income taxes.

The Company reports comprehensive loss in a single continuous financial statement within the Condensed Consolidated Statements of Comprehensive Loss. The Company’s comprehensive loss is equivalent to its net loss because the Company does not have any transactions that are recorded through other comprehensive loss.

The Condensed Consolidated Statements of Comprehensive Loss have been reclassified for all periods presented to reflect discontinued operations treatment. (Refer to Note 11 for discussion related to Divestiture of Business Segment).

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08 changes the requirements for reporting discontinued operations under current U.S. GAAP (Accounting Standards Codification Subtopic 205-20 Discontinued Operations, “ASC 205-20”) and provides a new definition of discontinued operations. ASU No. 2014-08 is effective prospectively for fiscal years, and interim periods within those years beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The adoption of ASU No. 2014-08 has not had a material impact on the Company’s financial position or results of operations.

Note 2. Financial Instruments and Fair Value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers assumptions that market participants would use when pricing the asset or liability.

Fair Value Hierarchy

The three levels of inputs that may be used to measure fair value are as follows:

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

6

Table of Contents

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The recurring fair value measurements of these financial assets (excluding cash) were determined using the following inputs at March 31, 2015, and December 31, 2014, respectively:

	As of March 31, 2015			Total Balance	As of December 31, 2014			Total Balance
	Fair Value Measured Using				Fair Value Measured Using			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
(In thousands)								
Financial assets								
Money market funds ⁽¹⁾	\$25,308	\$—	\$—	\$25,308	\$29,306	\$—	\$—	\$29,306
Total financial assets	\$25,308	\$—	\$—	\$25,308	\$29,306	\$—	\$—	\$29,306

(1)Held in cash and cash equivalents on the Company's condensed consolidated balance sheets.

There were no transfers between Levels 1, 2, and 3 from December 31, 2014 through March 31, 2015. As of March 31, 2015 and December 31, 2014, the carrying amounts of accounts receivable, accounts payable, and accrued liabilities approximated fair value due to their short maturities. (Refer to Note 6 and 7 for discussion related to Accrued Restructuring and Vendor Financed Property and Equipment).

Note 3. Property and Equipment, net

Property and equipment, net, consisted of the following:

	March 31, 2015	December 31, 2014
(In thousands)		
Equipment	\$10,409	\$10,242
Furniture and fixtures	1,792	1,923
Computer software	9,319	9,356
Construction in progress	347	306
Leasehold improvements	662	912
	22,529	22,739
Less: Accumulated depreciation and amortization	(16,724)	(16,526)
Property and equipment, net	\$5,805	\$6,213

Depreciation expense for continuing operations was approximately \$0.7 million for the three months ended March 31, 2015, and March 31, 2014.

During the three months ended March 31, 2015, and March 31, 2014, the Company retired approximately \$0.6 million and \$0.4 million, respectively, of gross property and equipment related to continuing operations, nearly all of which were fully depreciated.

As of March 31, 2015, the Company held approximately \$1.8 million of enterprise database software and infrastructure hardware in computer software and equipment, net of related accumulated depreciation.

Note 4. Other Assets

Other assets (non-current) consisted of the following:

Table of Contents

	March 31, 2015 (In thousands)	December 31, 2014
Deposits	\$560	\$563
Long-term deferred tax assets, net	134	134
Restricted cash	—	150
	\$694	\$847

Note 5. Accrued Liabilities

Accrued liabilities consisted of the following:

	March 31, 2015 (In thousands)	December 31, 2014
Tax liabilities	\$1,298	\$1,300
Accrued restructuring liabilities – current (1)	75	160
Accrued bonus, commissions and other employee benefits	1,567	2,043
Accrued for vendor financed property and equipment	839	832
Amounts due to customers	936	1,016
Other accrued liabilities	1,684	1,837
	\$6,399	\$7,188

(1) See Note 6 "Accrued Restructuring"

Note 6. Accrued Restructuring

During the year ended December 31, 2009, the Company announced restructuring plans (the "2009 Plans") to reduce operating costs and focus resources on key strategic priorities, which resulted in a workforce reduction of 146 positions across all functional areas and abandonment of certain facilities and termination of a contract obligation. As of March 31, 2015, the Company had remaining lease payments of less than \$0.1 million, which were recorded at fair value at the time of restructuring plan was announced. Management made assumptions in determining the fair value of the lease liabilities. The discounted cash flow valuation technique used to determine the Level 3 fair value included inputs, such as the future rent payment schedule, the discount rate and sublease income based on the executed sublease agreement through the end of the lease terms.

During the first quarter of 2013, the Company announced a restructuring plan (the "Q1 2013 Plan") to re-align its cost structure to focus investments, resources and operating expenses on the Company's growing Open Mobile business, which resulted in a workforce reduction of 16 positions across all functional areas and termination of a lease contract. As of December 31, 2014, the Company completed all of the related payments associated with this restructuring plan. During the third quarter of 2014, the Company announced a restructuring plan (the "Q3 2014 Plan") to re-align its cost structure as a result of the divestiture of its Unity business, which resulted in workforce reduction of approximately 20 employees worldwide and the termination of lease contracts for certain leased facilities. The Company recorded approximately \$0.7 million of restructuring charges at the third quarter of 2014, and had less than \$0.1 million of payments remaining as of March 31, 2015.

The following is a rollforward of restructuring liability for the Q3 2014, Q1 2013, and 2009 Plans:

Table of Contents

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Beginning balance	\$160	\$317
Restructuring charges and related adjustments	21	14
Payments and adjustments	(106	) (81
Ending balance	\$75	\$250

As of March 31, 2015, less than \$0.1 million of the balance represents employee termination costs and the remaining less than \$0.1 million mainly relates to exit cost of certain leased facilities.

As of March 31, 2015 and 2014, less than \$0.1 million and \$0.2 million of the restructuring liability are included in accrued liabilities, respectively. There is no long-term restructuring liability as of March 31, 2015. The remaining restructuring liability of approximately \$0.1 million is included in long-term liabilities at March 31, 2014.

Note 7. Vendor Financed Property and Equipment

In October 2013, the Company acquired enterprise database software and infrastructure hardware. This purchase was financed through a vendor and is to be paid over three years. In April 2014, the Company acquired additional enterprise infrastructure hardware which was financed through the vendor and is to be paid over two years. The total purchases financed by a vendor were approximately \$3.1 million. Since October 2013, the Company made approximately \$1.7 million of principal payments, and as of March 31, 2015, approximately \$0.8 million and \$0.6 million were recorded to accrued liabilities and vendor financed property and equipment, respectively, based on the payment terms. The Company expects to pay principal payments of \$0.6 million and \$0.8 million in fiscal year 2015 and fiscal year 2016, respectively.

As of March 31, 2015, vendor financed property and equipment is recorded at cost, which approximates a Level 3 fair value.

Note 8. Commitments and Contingencies

Lease and Purchase Commitments

The Company leases facilities under operating leases that expire at various dates through October 2020. Future minimum lease payments under these operating leases as of March 31, 2015, are as follows:

Year	Operating Leases (In thousands)
Remainder of 2015	\$1,465
2016	1,664
2017	1,490
2018	1,091
2019	1,082
Thereafter	1,017
	\$7,809

The Company has contracts with certain network service providers which have minimum purchase commitments that expire on various dates through April 2017.

Future minimum purchase commitments as of March 31, 2015, under all agreements are as follows:

Table of Contents

Year	Minimum Purchase Commitments (In thousands)
2015	\$4,669
2016	945
2017	43
	\$5,657

Included above, the Company has a future minimum purchase commitment of approximately \$0.4 million related to an annual support fee for acquired enterprise infrastructure hardware to be paid over the next two years. In addition, the Company expects to pay principal payments related to vendor financed property and equipments of \$0.6 million and \$0.8 million in fiscal year 2015, and fiscal year 2016, respectively.

Legal Proceedings

The Company is involved in legal proceedings and claims arising in the ordinary course of business. While there can be no assurances as to the ultimate outcome of any litigation involving the Company, management does not believe any such pending legal proceeding or claim will result in a judgment or settlement that would have a material adverse effect on the Company's financial position, results of operations or cash flows.

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, business partners, and other parties with respect to certain matters, including, but not limited to, losses arising out of breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third-parties. Certain indemnification agreements may not be subject to maximum loss clauses. If the potential loss from any indemnification claim is considered probable and the amount or the range of the loss can be estimated, the Company accrues a liability for the estimated loss. To date, claims under such indemnification provisions have not been significant.

Note 9. Net Loss Per Common Share

Basic net income (loss) per share is computed by dividing net income (loss) available to shareholders by the weighted average number of shares outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) available to shareholders by the weighted average number of diluted shares outstanding. Unvested participating securities that vest based on service are included in the weighted daily average number of shares outstanding used in the calculation of basic net income per share and excluded in the calculation of basic net loss per share.

When an entity has a loss from continuing operations, including potential shares in the denominator of diluted per-share computations for continuing operations will generally be antidilutive, even if the entity has net income after adjusting for discontinued operations. That is, including potential shares in the denominator of the earnings per share calculation for a loss-making entity will generally decrease the loss per share and therefore those shares should be excluded from calculations of diluted earnings per share. Accordingly, for all periods presented, basic weighted-average shares outstanding were used in calculating the diluted net income (loss) per share.

Table of Contents

The following table sets forth the computation of basic and diluted net (loss) income per share:

	Three Months Ended March 31,	
	2015	2014
	(In thousands, except share and per share amounts)	
Numerator:		
Net loss from continuing operations	\$(3,440)	\$(5,946)
Net income from discontinued operations	\$—	\$397
Net loss	\$(3,440)	\$(5,549)
Denominator:		
Weighted average shares outstanding - basic and diluted	62,846,194	64,421,563
Total income (loss) per share - basic and diluted:		
Loss from continuing operations	\$(0.05)	\$(0.09)
Income from discontinued operations	\$—	\$—
Total net loss per share	\$(0.05)	\$(0.09)

The following weighted average potential shares of common stock have been excluded from the computation of diluted net (loss) income per share because the effect of including these shares would have been anti-dilutive:

	Three Months Ended March 31,	
	2015	2014
Options to purchase common stock	5,563,894	4,375,367
Restricted stock awards, including participating securities	1,907,500	2,807,153
Total	7,471,394	7,182,520

Note 10. Segment and Geographical Information

The Company currently has a single reportable operating segment, Mobility Services, and geographical information is shown below.

The following table summarizes total Company revenue by country or by geographical region:

	Three Months Ended March 31,		
	2015	2014	
United States	37	35	%
EMEA	50	46	%
Asia Pacific	11	17	%
Rest of the World	2	2	%

No individual country, except for the United States, Germany, and United Kingdom, represented 10% or more of total revenue for the three months ended March 31, 2015 and 2014. Revenues in Germany accounted for 16%, and 11% of total revenues for the three months ended March 31, 2015, and 2014, respectively. Revenues in the United Kingdom accounted for 10%, and 12% of total revenues for the three months ended March 31, 2015, and 2014, respectively.

One customer accounted for 11% of total revenues for the three months ended March 31, 2015. No individual customer represented 10% or more of total revenue for the three months ended March 31, 2014.

Substantially all of the Company's long-lived assets are located in the United States.

Note 11. Divestiture of Business Segment

Table of Contents

On June 30, 2014, the Company entered into an agreement and completed the sale of its Unity business segment for gross cash proceeds of approximately \$28.1 million, and accrued approximately \$2.2 million of transaction costs which were fully paid in 2014. The Company recorded a gain on sale of approximately \$25.0 million. The gross cash proceeds included \$1.4 million that was placed into an escrow account to cover any contingent claims made by the buyer against iPass through June 30, 2015, and is recorded in Prepaid Expenses and Other Current Assets on the Condensed Consolidated Balance Sheets. As of March 31, 2015, no claims have been made against the escrow account. In accordance with ASC 205-20, the results of operations for the Unity business segment are reported as discontinued operations.

Income tax expense was recorded in discontinued operations for the three months ended March 31, 2014, of approximately \$0.3 million. This primarily reflects tax expense on discontinued operations with an offsetting benefit in continuing operations of \$0.3 million for the three months ended March 31, 2014.

The following table presents the revenues and components of discontinued operations, net of tax.

	Three Months Ended	
	March 31,	
	2015	2014
Revenue	—	7,703
Income from discontinued operations before income taxes	—	697
Gain on sale of discontinued operations before income taxes	—	—
Provision for income taxes	—	(300)
Income from discontinued operations, net of tax	\$—	\$397

The table above excludes certain shared overhead costs and transfer pricing adjustments that were previously allocated to the Unity business segment in the historical iPass consolidated financial statements that were filed with the Securities and Exchange Commission ("SEC") as ASC 205-20 prohibits the allocation of general overhead costs to the discontinued operation. The provisions for income taxes primarily reflect tax expense on discontinued operations including the gain on sale, which is mostly offset by benefit in continuing operations.

Note 12. Subsequent Event

On May 7, 2015, the Company announced a plan to flatten the organization, create a more nimble sales and delivery infrastructure to support a subscription go to market strategy, and accelerate the Company's cash flow break-even point. The restructuring will reduce the global workforce by 14% and result in a charge of approximately \$2.7 million to \$3.2 million in the second quarter of 2015.

Overview

iPass enables business travelers to stay connected by providing them with cost-effective and convenient global Wi-Fi access across smartphones, tablets and laptops. Founded in 1996, iPass (NASDAQ: IPAS) is the world's largest commercial Wi-Fi network, covering over 100 countries and selling to approximately 700 large corporations, telecom service providers and other strategic partners around the world. Through its cloud-based delivery model, iPass connects business travelers to approximately 19 million Wi-Fi hotspots in airports, airplanes, hotels and public areas. With the growing need for fast, high bandwidth connectivity, iPass lets business travelers stay close to what matters most while on the road including access to video, unified communications, web conferencing and other cloud based applications.

Table of Contents

Strategic Mobility Assets

We believe iPass has a unique set of mobility assets that provides us with competitive advantages. We see our three core assets as follows:

Open Mobile Platform: Our Open Mobile (OM) platform is a cloud-based mobility management platform that securely manages network connectivity and subscribers across a wide variety of computing and mobile devices and provider networks. We believe this scalable subscriber management, billing and reporting platform is unique in the industry and would be time consuming and expensive to replicate.

Integrated Authentication Fabric: We have a global authentication fabric of integrated servers and software that is interconnected with over 150 global Wi-Fi networks. This infrastructure allows us to provide secure, highly-available and seamless four-party global authentication, clearing and settlement of Wi-Fi users for our partners and customers.

Global Wi-Fi Footprint: We have a Wi-Fi network footprint and supply chain that consists of approximately 19 million hotspots across 100 countries, including major airports, convention centers, airplanes, trains, train stations, hotels, restaurants, retail, and small business locations. In the second quarter of 2014 we began including both commercial grade venues and public access and community locations that are accessible in the iPass network. Our technology integration across multiple global network providers forms the basis of our network services and we believe creates a unique cost advantage for our customers. We typically contract with network service providers, integrate their networks into our global infrastructure, and monitor their performance to ensure that our customers have a consistent and reliable end user experience.

Business Portfolio and Our Strategy (Continuing Operations)

Mobility Services:

We provide iPass Open Mobile Enterprise Services ("iPass OME" or "OME") to large enterprises to deliver enhanced network mobility services, addressing large enterprises' needs to manage their mobility economics, high speed network connectivity requirements and proliferation of mobile devices, including the "bring-your-own-device" trend. We also provide our iPass Open Mobile Exchange services ("iPass OMX" or "OMX") to strategic partners that incorporate iPass OMX into their core products and services, geared for the mass market. iPass OMX strategic partners include global OEMs (Original Equipment Manufacturers), premium brand partners, software product and service providers, and telecom carriers.

Our growth strategy for Mobility Services includes:

• **Launching of iPass UNLIMITED** – Targeting sales to small and medium enterprises (SME) with a per-user-per-month fixed fee subscription service that includes unlimited usage.

• **Expansion into consumer markets** – We call this iPass EVERYWHERE and are targeting end users by bundling our product into consumer-facing companies offerings such as Hewlett Packard laptops and Huawei Smart Phones.

• **Enhancements to our products and applications** – We call this iPass INVISIBLE with the intent to optimize the user experience and make Wi-Fi connectivity seamless, always on, and secure.

For a detailed discussion regarding our mobility business, including our strategy and our service offerings, see "Item 1. Business" included in our Annual Report on Form 10-K for the year ended December 31, 2014.

Significant Trends and Events

The following describes significant trends and events of our business during the first quarter of 2015:

Continue to Focus on our Open Mobile Business

We grew our Open Mobile Platform users from 681,000 for the first quarter of 2014 and 814,000 for the fourth quarter of 2014 to 815,000 for the first quarter of 2015. Our Open Mobile Wi-Fi Network users were 71,000 for the first quarter of 2014, 84,000 for the fourth quarter of 2014, and 83,000 for the first quarter of 2015.

Historically our Open Mobile revenue growth has been driven by a combination of organic customer user and usage ramps, legacy platform customer migrations, and new enterprise customer acquisition. We are focused on growing Open Mobile revenues by growing two key metrics referenced in the preceding paragraph. See "Key Operating Metrics"

below for a full discussion of our user metrics.

14

Table of Contents

Continued to Broaden our Wholesale OMX Distribution Channels

Our OMX business was originally developed as a wholesale product for our carrier partners to resell Wi-Fi network access to their end-users. During the first quarter of 2015 we continued to broaden that wholesale distribution to a variety of other reseller partners including OEM, resulting in growing OMX revenue by approximately 38% from the fourth quarter of 2014. In addition, deferred revenue (short-term plus long-term) at March 31, 2015 and December 31, 2014 was \$1.5 million and \$0.6 million, respectively. The increase in deferred revenue was primarily driven by a new OEM deal that was signed in late 2014.

Potential Proxy Contest

A group of stockholders led by Maguire Asset Management, Francis Capital Management, and Foxhill Opportunity Fund (collectively "the Maguire Group"), has initiated a proxy contest with respect to the matters to be voted upon at our 2015 annual meeting of stockholders, or the Annual Meeting. Among other things, the Maguire Group is proposing to solicit proxies in opposition to us for the purpose of voting in favor of its five nominees for election to our board of directors. Responding to the potential proxy contest is costly and time-consuming, is a significant distraction for our board of directors, management and employees, and diverts the attention of our board of directors and senior management from the pursuit of our business strategy, which could adversely affect our results of operations and financial condition. Further, we have incurred, and will continue to incur, expenses for legal and advisory fees and administrative and associated costs incurred in connection with responding to the potential proxy contest, which may include related litigation, which costs may be substantial.

Key Operating Metrics

Described below are key metrics that we use to evaluate our operating performance and our success in transforming our business and driving future growth.

OM Wi-Fi Network Users

OM Wi-Fi Network Users is the number of our platform users each month in a given quarter that paid for Wi-Fi network services from iPass.

OM Platform Active Users

OM Platform Active Users is the number of users who were billed Open Mobile platform fees and who have used or deployed Open Mobile.

The following table summarizes the number of active users of iPass OME services (in thousands). Each user metric below is calculated as the average number of active users per month, during a given quarter, for which a fee was billed by iPass for either Wi-Fi or Platform services:

	For the Quarter Ended				
	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Wi-Fi Network Users	83	84	78	80	71
Active Platform Users:	815	814	770	753	681

Deferred Revenue (Short-term plus Long-term)

Deferred Revenue represents sales invoiced in advance of recognition under our revenue recognition policy. As noted above, deferred revenue more than doubled from \$0.6 million as of December 31, 2014 to \$1.5 million as of March 31, 2015. The increase in deferred revenue was primarily driven by a new OEM deal that was signed in late 2014.

Table of Contents

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)

Adjusted EBITDA is used by our management as a measure of operating efficiency, financial performance and as a benchmark against our peers and competitors. In addition, we also use this metric as a factor in our incentive compensation payouts. Management also believes that Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to understand our performance excluding the impact of items which may obscure trends in our core operating performance. Furthermore, the use of Adjusted EBITDA facilitates comparisons with other companies in our industry which may use similar financial measures to supplement their GAAP results. We define Adjusted EBITDA as net loss adjusted for interest, income taxes, depreciation and amortization, stock-based compensation, restructuring charges, net income (loss) from discontinued operations, and CEO exit costs – severance. We adjust for these excluded items because we believe that, in general, these items possess one or more of the following characteristics: their magnitude and timing is largely outside of our control; they are unrelated to the ongoing operation of the business in the ordinary course; they are unusual or infrequent and we do not expect them to occur in the ordinary course of business; or non-cash expenses involving stock option grants and restricted stock issuances. Adjusted EBITDA is not a measure determined in accordance with GAAP and should not be considered in isolation or as a substitute for operating income (loss), net income (loss) or any other measure determined in accordance with GAAP.

The following table reconciles Adjusted EBITDA to GAAP total net loss:

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Adjusted EBITDA	\$ (2,293)	) \$ (4,794)
Interest expense	(21)	) (33)
Income tax (expense) benefit	(100)	) 179
Depreciation of property and equipment	(746)	) (713)
Stock-based compensation benefit (expense)	362	) (571)
Restructuring charges and related adjustments	(21)	) (14)
CEO exit costs – severance	(621)) —
Net income from discontinued operations	—	) 397
GAAP Total Net Loss	\$ (3,440)	) \$ (5,549)

In the table above, Adjusted EBITDA for prior periods has been recast to exclude net income from discontinued operations and related changes to adjustment items such as tax, depreciation and stock based compensation.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on our historical experience, knowledge of current conditions and our belief of what could occur in the future considering available information, including assumptions that we believe to be reasonable under the circumstances. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and actual results could differ materially from the amounts reported based on these policies. On an ongoing basis, we evaluate our estimates and judgments.

There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2015, as compared to the critical accounting policies and estimates disclosed in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the

year ended December 31, 2014.

Recent Accounting Pronouncements

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to

16

Table of Contents

customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is expected to be effective for us on January 1, 2017 or January 1, 2018 (if effective date of this guidance is delayed). Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

On August 27, 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires management to assess an entity's ability to continue as a going concern, and provide related footnote disclosures in certain circumstances. The new standard is effective for us in the first annual period ending after December 31, 2016. Early adoption is permitted. We have not adopted ASU 2014-15 in the current fiscal year. We do not expect that this guidance will materially impact our consolidated financial statements.

Results of Operations

Sources of Revenues

On June 30, 2014, we entered into an agreement and completed the sale of our Unity business. Accordingly, we have a single reportable operating segment, Mobility Services, and analyze revenue from continuing operations. Within Mobility Services, we differentiate and analyze our Open Mobile and legacy generated revenues separately.

Open Mobile generated revenues consist of:

- Network—Wi-Fi and minimum customer commitments based on the number of network users sourced from the Open Mobile platform.

- Platform—Fees based on the number of Active Open Mobile monetized platform users and other fees specific to providing additional value add services to Open Mobile customers.

- Open Mobile Exchange—Revenues generated from our OMX customers.

Legacy generated revenues consist of Dial-up and 3G network, our iPC platform, and related platform services, as well as iPC driven network usage, including iPC user driven Wi-Fi and minimum commit shortfall.

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Mobility Services	\$16,558	\$17,637
Open Mobile	15,313	13,539
Open Mobile Enterprise	14,190	12,760
Network	10,395	8,723
Platform	3,795	4,037
Open Mobile Exchange	1,123	779
Legacy iPC	1,245	4,098

For the three months ended March 31, 2015, Mobility Services revenue decreased \$1.1 million or 6% compared to the same period in 2014 as the decrease in legacy iPC revenue of \$2.9 million outpaced the increase in Open Mobile ("OM") revenue of \$1.8 million. Legacy iPC declines were attributed to customer terminations, anticipated usage reductions in our 3G and Dial-up services, and continued migrations to OM. Growth in OM was attributable to organic growth of OM network and active platform users, and migration of Legacy iPC customers.

Network Gross Margin

We use network gross margin as a metric to assist us in assessing the profitability of our various network services. Our overall network gross margin is defined as network revenue less network access costs divided by network revenue.

Table of Contents

	Three Months Ended March 31,			
	2015		2014	
Network Gross Margin (%)	45.3	%	41.7	%

For the three months ending March 31, 2015, compared to the same periods in 2014, network gross margin increased by 3.6 percentage points, primarily due to strengthening of the US dollar against currencies in which we buy network access.

Operating Expenses

With the restructuring announced in the second quarter of 2015, we expect approximately \$2.7 million to \$3.2 million of restructuring charges in the second quarter of 2015, and our operating expense run rate to decline by approximately \$2.0 million per quarter starting in the third quarter of 2015.

Network Access Costs (NAC)

NAC consist of charges for network access which we pay to our network service providers and other direct cost of sales.

	Three Months Ended March 31,			
	2015		2014	
Network access costs	\$6,675		\$7,207	
As a percentage of total revenue	40.3	%	40.9	%

For the three months ended March 31, 2015, compared to the same period in 2014, network access costs decreased approximately \$0.5 million or 7% primarily due to the decrease of 3G network access costs of \$0.7 million due to a decline on 3G legacy customer, partially offset by an increase of OME network access costs of \$0.2 million driven by the growth in Wi-Fi network users and usage. In addition, strengthening of the US dollar against currencies in which we buy network access costs contributed to the overall decrease in network access costs.

Network Operations

Network operations expenses consist of compensation and benefits for our network engineering, customer support and network access quality personnel, outside consultants, transaction center fees, network equipment depreciation, and allocated overhead costs.

	Three Months Ended March 31,			
	2015		2014	
Network operations expense	\$2,950		\$3,717	
As a percentage of total revenue	17.8	%	21.1	%

Network operations expense for the three months ended March 31, 2015, decreased by approximately \$0.8 million or 21% compared to the same period in 2014, primarily due to a decrease in headcount-related expenses of \$0.7 million and depreciation and maintenance expenses of \$0.1 million, as we continue to manage our cost structure.

Research and Development

Research and development expenses consist of compensation and benefits for our research and development personnel, consulting, and allocated overhead costs.

Table of Contents

	Three Months Ended March 31,			
	2015	2014		
	(Dollars in thousands)			
Research and development expense	\$2,998	\$3,384		
As a percentage of total revenue	18.1	%	19.2	%

For the three months ended March 31, 2015, research and development expense decreased by approximately \$0.4 million or 11% compared to the same period in 2014, mainly due to the decrease in headcount related expenses of \$0.4 million as we continue to actively manage costs.

Sales and Marketing

Sales and marketing expenses consist of compensation, benefits, advertising and promotion costs, and allocated overhead costs.

	Three Months Ended March 31.			
	2015	2014		
	(Dollars in thousands)			
Sales and marketing expenses	\$3,182	\$4,565		
As a percentage of total revenue	19.2	%	25.9	%

Sales and marketing expenses for the three months ended March 31, 2015, decreased by approximately \$1.4 million or 30% compared to the same period in 2014, primarily due to decreases in headcount-related costs of \$1.1 million, driven by decreases in salaries, commissions, and incentive compensation. Remaining decrease of approximately \$0.3 million relate to cost control of discretionary spend driven by cost management initiatives.

General and Administrative

General and administrative expenses consist primarily of compensation and benefits for general and administrative personnel, legal and accounting expenses.

	Three Months Ended March 31,			
	2015	2014		
	(Dollars in thousands)			
General and administrative expenses	\$4,236	\$4,771		
As a percent of total revenue	25.6	%	27.1	%

General and administrative expenses for the three months ended March 31, 2015, decreased by approximately \$0.5 million or 11% compared to the same period in 2014, primarily due to a decrease in headcount related costs of \$0.5 million. During the current quarter, we recognized approximately \$0.7 million of stock based compensation benefit driven by forfeiture of awards upon the exit of our prior CEO, offset by approximately \$0.6 million of CEO severance expense. Remaining decrease is primarily due to ongoing cost management initiatives.

Other Income and Expenses**Foreign Exchange Gains and Losses**

Foreign exchange gains and losses primarily include realized and unrealized gains and losses on foreign currency transactions. Foreign currency exchange rate fluctuations impact the re-measurement of certain assets and liabilities denominated in currencies other than the U.S. Dollar and generate unrealized foreign exchange gains or losses. In addition, some of our network access costs are invoiced in currencies other than the U.S. Dollar. The transactional settlement of these outstanding invoices and other cross-currency transactions generate realized foreign exchange gains or losses depending on the fluctuation of exchange rates between the date of invoicing and the date of payment.

Table of Contents

For the three months ended March 31, 2015 and 2014, we did not enter into any hedging contracts. Foreign exchange gain for the three months ended March 31, 2015 was \$0.2 million primarily due to strengthening of the U.S. dollar against British Pound and Euro. Foreign exchange loss for the three months ended March 31, 2014 was approximately \$0.1 million.

Provision for Income Taxes

Income tax expense for the three months ended March 31, 2015 and 2014, was approximately \$0.1 million and \$0.1 million, respectively. The income tax expense recorded in the three months ended March 31, 2015 and 2014, primarily related to foreign taxes on expected profits in the foreign jurisdictions. For the first quarter of 2014, income tax expense represented \$0.3 million of income tax expense from discontinued operations offset by \$0.2 million of income tax benefit from continuing operations.

Divestiture of Business Segment

We announced on July 1, 2014, that we had completed the sale of our Unity business for \$28.1 million to Tolt Solutions, and accrued approximately \$2.2 million of transaction costs which were fully paid in 2014. Of the purchase price, \$1.4 million was placed in an escrow account until June 30, 2015, to satisfy any claims for the indemnification obligations of iPass for breaches of representations, warranties and covenants and certain other specified matters. The sale resulted in a before tax gain of \$25.0 million in the second quarter of 2014. The purchase agreement was signed and the sale was completed on June 30, 2014.

In accordance with applicable accounting guidance for the disposal of long-lived assets, the results of the Unity business are presented as discontinued operations and, as such, have been excluded from continuing operations and from segment results for all periods presented.

The following table presents the revenues and components of discontinued operations, net of tax.

	Three Months Ended March 31,	
	2015	2014
Revenue	—	7,703
Income from discontinued operations before income taxes	—	697
Gain on sale of discontinued operations before income taxes	—	—
Provision for income taxes	—	(300)
Income from discontinued operations, net of tax	\$—	\$397

In accordance with ASC 205-20 Discontinued Operations, the above table excluded certain shared overhead costs and transfer pricing adjustments that were previously allocated to the Unity business segment in the historical iPass consolidated financial statements that were filed with the Securities and Exchange Commission. The provisions for income taxes primarily reflect tax expense on discontinued operations including the gain on sale, which is mostly offset by the benefit in continuing operations.

Liquidity and Capital Resources

We had cash and cash equivalents of \$28.6 million at March 31, 2015, compared to \$33.8 million at December 31, 2014.

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Cash Flows		
Net cash used in operating activities	\$(4,764)	\$(3,244)

Edgar Filing: IPASS INC - Form 10-Q

Net cash used in investing activities	(175	)	(457)
Net cash used in financing activities	(275	)	(227)
Net decrease in cash and cash equivalents	\$(5,214	)	\$(3,928)

20

Table of Contents

Operating Activities

Net cash used in operating activities increased by approximately \$1.5 million from \$3.2 million for the three months ended March 31, 2014, to \$4.7 million for the same period in 2015. This increase is mainly due to changes in working capital mainly driven by timing of payments partially offset by a decrease in net loss.

Investing Activities

Net cash used in investing activities decreased by approximately \$0.3 million from the net cash used in investing activities of \$0.5 million for the three months ended March 31, 2014, to the net cash used in investing activities of \$0.2 million for the same period in 2015. This decrease is due to a decrease in purchases of property and equipment.

Financing Activities

Net cash used in financing activities stayed relatively consistent for the three months ended March 31, 2015, compared to the same period in 2014.

Sources of Cash and Future Cash Requirements

We have historically relied on existing cash and cash equivalents and cash flow from operations for our liquidity needs. We use a professional investment management firm to manage a large portion of our cash which is invested primarily in money market accounts. We believe that based on our current business plan and revenue prospects and our anticipated cash flows from operations, our existing cash balances will be sufficient to meet our working capital and operating resource expenditure requirements for at least the next twelve months.

The amount of cash and cash equivalents held by our foreign subsidiaries as of March 31, 2015, and December 31, 2014, was \$0.4 million and \$0.9 million, respectively. We currently do not intend to distribute any of our cumulative earnings by our foreign subsidiaries to the parent company in the U.S.

Primary Uses of Cash

Our principal use of cash during the three months ended March 31, 2015, was for network access costs, payroll related expenses, CEO exist costs, payments for vendor financing equipment purchase, and general operating expenses including marketing, office rent, and capital expenditures.

Contractual Obligations

The following are our contractual obligations as of March 31, 2015:

	Total	Less Than 1 Year	1-3 Years	3-5 Years
	(In thousands)			
Operating Lease Obligations	\$7,809	\$1,907	\$4,068	\$1,834
Other Purchase Commitments	5,657	4,669	988	—
Total Contractual Obligations(1)	\$13,466	\$6,576	\$5,056	\$1,834

(1) See Note 8. Commitments and Contingencies.

As of March 31, 2015, we had unrecognized tax benefits of \$0.8 million associated with our uncertain tax positions. We are unable to estimate when any cash settlement with a taxing authority might occur.

Included above, we have a future minimum purchase commitment of approximately \$0.4 million related to an annual support fee for acquired enterprise infrastructure hardware to be paid over the next two years. In addition, we expect to pay principal payments related to vendor financed property and equipments of \$0.6 million and \$0.8 million in fiscal year 2015, and fiscal year 2016, respectively.

For information on our contractual commitments at December 31, 2014, see “Contractual Obligations” in Item 7, Management’s Discussion and Analysis of Financial Conditions and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2014.

Table of Contents

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or for other contractually narrow or limited purposes. We did not have any off-balance sheet arrangements at March 31, 2015, and December 31, 2014, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Exchange Rate Risk

We are exposed to foreign currency exchange rate risk inherent in conducting business globally in numerous currencies, of which the most significant to our operations for the three months ended March 31, 2015, were the Euro, the British Pound, and the Indian Rupee. We are primarily exposed to foreign currency fluctuations related to network access costs and other operating expenses denominated in currencies other than the U.S. Dollar. As such, we benefit from a stronger U.S. Dollar and may be adversely affected by a weaker U.S. Dollar relative to each foreign currency. Currently, we do not enter into currency forward exchange or option contracts to hedge foreign currency exposures. The impact of foreign currency fluctuations is also discussed in “Foreign Exchange Gains and Losses” under Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Interest Rate Risk

As of March 31, 2015, we had cash and cash equivalents of \$28.6 million, restricted cash of \$1.6 million and no short-term investments. As of December 31, 2014, we had cash and cash equivalents of \$33.8 million, restricted cash of \$1.6 million and no short-term investments. Our cash balances are held primarily in bank deposits and money market accounts with a remaining maturity of three months or less at the time of purchase. As a result, we do not believe we are exposed to material interest rate risk.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, management of iPass conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act). Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at a reasonable assurance level, as of the end of the period covered by this report, to ensure that information required to be disclosed was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and to provide reasonable assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2015, there have been no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Disclosure Control and Procedures and Internal Control over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our 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 objectives of the control system are 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, within iPass have been detected.

Table of Contents

PART II. OTHER INFORMATION

Item 1A. Risk Factors

In addition to the factors discussed elsewhere in this report and our other reports filed with the SEC, the following are important factors that could cause actual results or events to differ materially from those contained in any forward-looking statements made by us or on our behalf. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we deem immaterial also may impair our business operations. If any of the following risks or such other risks actually occurs, our business could be harmed.

We have marked with an asterisk (*) the risk factors below that reflect additional risk facing us from the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the Securities and Exchange Commission on March 13, 2015.

If customer adoption and deployment of our Open Mobile Platform is slow, especially on smartphone and tablet devices, our ability to grow our Mobility Services business could be harmed.

The future success of our business will depend in large part on our current and prospective customers' timeliness of adoption and deployment of our Open Mobile Platform. Key risks associated with our Open Mobile Platform and services are as follows:

Customer adoption and deployment of our Open Mobile Platform, especially on smartphone and tablet devices, may be slow. We believe that the growth of our business is dependent on the timely adoption and deployment of the Open Mobile Platform by our customers. In particular, smartphone and tablet devices are becoming more relied upon by our customers for their mobile computing needs and may cause our users to stop using laptops while traveling, or to use them less often. We believe it is critical for our business that our services for smartphone and tablet devices achieve market acceptance and that our customers rapidly adopt and deploy our services on smartphone and tablet devices. A material delay in the adoption and deployment of the Open Mobile Platform by our customers, on smartphone and tablet devices in particular, will adversely impact our ability to grow revenues and achieve profitability.

Customer deployment of our Open Mobile Platform may not result in increased use of our services. We believe it is important to the future success of our business that users of our Mobility Services increase their usage of our platform and network services. We believe that the deployment by our customers of our Open Mobile Platform, especially on smartphone and tablet devices, will lead to increased usage of our platform services and correspondingly, our network services, which will lead to an increase in our revenue. However, even if a significant portion of our customers deploy our Open Mobile Platform, there is no guarantee that our customers will use our services more frequently.

Our Open Mobile Platform may have technical limitations that cause our customers to delay adoption or deployment. There is risk that the Open Mobile Platform may contain technological limitations, bugs or errors that would cause our customers to not adopt or delay the adoption of the Open Mobile Platform. If some or all of these risks associated with our Open Mobile Platform were to occur, adoption and deployment of our Open Mobile Platform may not occur and our business could be harmed.

Customers must be willing to continue to pay for our platform or our revenue growth may slow. We believe that it is important that the value proposition of our Open Mobile Platform is accepted by our customers such that they are willing to pay for their users to use our mobility services. If our customers are willing to adopt our Open Mobile Platform but are not willing to pay for the platform, our ability to grow revenues and achieve profitability could be adversely impacted.

If our OMX service offerings do not achieve expanded market acceptance our ability to grow our business could be harmed.

Our OMX service offerings were introduced in 2011 and incorporate our Open Mobile Platform, global authentication fabric, and global Wi-Fi network to provide reseller, wholesale, and carrier partners around the world with the infrastructure to offer their customers new mobility services. We have entered into contracts with a number of customers for our OMX services, but ramping revenues takes time to develop. We have and plan to continue to devote significant resources to building our OMX service line of business. If OMX service offerings do not achieve expanded market acceptance and generate meaningful revenues our financial condition may be harmed.

If Global 3G/4G data roaming rates decline precipitously, our ability to grow our business could be harmed. For our network services to be attractive to our customers, the cost of 3G/4G roaming must be meaningfully greater than the cost of our Wi-Fi network services. Currently, in certain geographies such as Asia, 3G/4G roaming prices are not significantly higher than our rates for Wi-Fi access. In Europe, legislation has been enacted mandating the reduction of wholesale

Table of Contents

3G/4G roaming prices. If 3G/4G roaming prices do not remain meaningfully higher than our Wi-Fi network prices then our ability to sell our Mobility Services could be impacted and our business harmed.

Our decision to “End-of-Life” our legacy iPC platform product has and will continue to impact our total revenues. As of July 1, 2012 our iPC or legacy platform reached end-of-life. While the iPC platform continues to function for existing customers, we only provide basic support and only for customers that pay extended support fees. While we believe that the end-of-life of iPC will encourage our customers to migrate to our Open Mobile platform, iPC customers may decide to instead terminate their service with us. If the number of iPC customers who decide to terminate their service with us is greater than expected, our results of operations could be negatively impacted. If key global Wi-Fi venues offer “no charge” Internet access to all users, our network revenues could be negatively affected.

We derive a significant portion of our network revenue from providing Wi-Fi access in certain key venues (e.g., hotels, airports and cafes). In general, these venues charge their customers for Wi-Fi access. If these venues begin offering Wi-Fi access at no charge, the amount we can charge our customers for Wi-Fi access at these venues will likely decrease or we may not charge our customers for Wi-Fi access at these venues. For example, Starbucks and certain airports in the United States have ceased charging their customers for Wi-Fi access and we have experienced reduced revenues as a result. If this trend continues at other key Wi-Fi venues, our network revenues and overall profitability may be negatively impacted.

*If we do not accurately predict network usage for our Flat Rate or iPass UNLIMITED price plans, our costs could increase without a corresponding increase in network revenue.

A significant number of our customers have purchased our Flat Rate network price plans, and we are signing new customers to our iPass UNLIMITED plan. In these plans, our customers pay a flat rate price to access our network services. However, in the majority of situations we continue to pay our providers based on actual network usage. The rate we charge in these plans is based on statistical predictions of usage across a pool of users within a customer. If actual usage is higher than expected our ability to achieve profitability could be negatively impacted.

In 2014, we implemented certain fixed rate buying structures with some providers to mitigate this risk. However, buying network access at a fixed rate creates additional risk if our customers were to use less Wi-Fi in the future, which could negatively impact our profitability.

If demand for mobility services does not grow or grows in ways that do not require use of our services, we may experience a decline in revenues and profitability.

The growth of our business is dependent, in part, upon the increased use of mobility services and our ability to capture a higher proportion of this market. If the demand for mobility services does not continue to grow, or grows in ways that do not require use of our services, then we may not be able to grow our business, or achieve or maintain profitability. Increased usage of our Mobility Services depends on numerous factors, including:

- Willingness of enterprises to make additional information technology expenditures;
- Availability of security services necessary to ensure data privacy over a variety of networks;
- Quality, cost and functionality of our services and competing services;
- Increased adoption of wireless broadband access methods and our ability to support these new methods;
- Proliferation of smartphones, tablets and mobile handheld devices and related applications, and our ability to provide valuable services and support for those devices;
- Our ability to partner with mobile network operators and service providers that are willing to stimulate consumer awareness and adoption of our Mobility Services; and
- Our ability to timely implement technology changes to our services to meet evolving industry standards for mobile devices, Wi-Fi network access and customer business requirements.

If we are unable to meet the challenges posed by Wi-Fi access, our ability to profitably grow our business may be impaired.

A substantial portion of the growth of our business has depended, and will continue to depend, in part upon our ability to expand our global Wi-Fi network. Such an expansion may not result in additional revenues to us. Key challenges in expanding our Wi-Fi network include:

The Wi-Fi access market continues to develop at a rapid pace. We derive a significant portion of our revenues from wireless broadband “hotspots,” such as certain airports, hotels and convention centers. The Wi-Fi access market continues to develop rapidly, in particular: the market for enterprise connectivity services through Wi-Fi is characterized by evolving industry

Table of Contents

standards and specifications and there is currently no uniform standard for Wi-Fi access. Furthermore, although the use of wireless frequencies generally does not require a license in the United States and abroad, if Wi-Fi frequencies become subject to licensing requirements, or are otherwise restricted, this would substantially impair the growth of Wi-Fi access. Some large telecommunications providers and other stakeholders that pay large sums of money to license other portions of the wireless spectrum may seek to have the Wi-Fi spectrum become subject to licensing restrictions. If the Wi-Fi access market develops in ways that limit access growth, our ability to generate substantial revenues from Wi-Fi access could be harmed.

The Wi-Fi service provider market is highly fragmented. There are currently many Wi-Fi service providers that provide coverage in only one or a small number of hotspots. We have entered into contractual relationships with numerous Wi-Fi service providers. These contracts generally have an initial term of two years or less. We must continue to develop relationships with many providers on terms commercially acceptable to us to provide adequate coverage for our customers' mobile workers and to expand our Wi-Fi coverage. We may also be required to develop additional technologies to integrate new wireless broadband services into our service offering. If we are unable to develop these relationships or technologies, our ability to grow our business could be impaired.

Consolidation of large Wi-Fi service providers may impair our ability to expand network service coverage, negotiate favorable network access terms, and deliver consistent service in our network. The telecommunications industry is rapidly evolving and highly competitive. These factors may cause large Wi-Fi network service providers to consolidate, which would reduce the number of network service providers from which we are able to obtain network access in key locations. If significant consolidation occurs, we will have a smaller number of network service providers to acquire Wi-Fi network access from and we may not be able to provide additional or sufficient redundant access points in some geographic areas, which could diminish our ability to provide broad, reliable, redundant coverage. Further, our ability to negotiate favorable access rates from Wi-Fi network service providers could be impaired, which could increase our network access expenses and harm our operating results.

Wi-Fi service provider actions may restrict our ability to sell our services. Some Wi-Fi network providers restrict our ability to sell access to their networks to our resellers whom they consider competitive with them. This can reduce our revenue by limiting the footprint our partners can make available to their customers.

Significant dependency on key network providers could negatively affect our revenues.

There are certain venues (hotels, airports, airplanes, cafes, etc.) globally where we depend on key providers for network access in those venues. In addition, in certain geographies we depend on a small number of providers for a large portion of network access. If such a provider were to go out of business, terminate their agreement with us, encounter technical difficulty such that network access was not available to our customers for an extended period of time, it could have a negative impact on our revenues and profitability if we cannot find an alternative provider to enable network access in those venues or geographies.

We face competition in the market for mobility services, which could make it difficult for us to succeed.

While we do not believe there are service providers in the mobility services market that offer a platform or range of services in an integrated offering as we do, we compete with a variety of service providers, including facilities-based carriers, cloud-based platform operators and mobility management solution providers. Some of these providers have substantially greater resources, larger customer bases, longer operating histories and/or greater name recognition than we have. In addition, we face the following challenges:

Many of our competitors can compete on price. Because many of our facilities-based competitors own and operate physical networks they may be able to provide additional hotspot access at little incremental cost to them. As a result, they may offer network access services at a lower cost, and may be willing to discount or subsidize network access services to capture other sources of revenue. In contrast, we have traditionally purchased network access from facilities-based network service providers to enable our network access service and in these cases, may not be able to compete aggressively on price. In addition, new cloud-based platform operators may enter the mobility services market and compete on price. In either case, we may lose business or be forced to lower our prices to compete, which could reduce our revenues.

Many of our competitors offer additional services that we do not, which enables them to bundle these services and compete favorably against us. Some of our competitors provide services that we do not, such as 3G/4G data roaming,

local exchange and long distance services, voicemail and digital subscriber line, or DSL, services. Potential customers that desire these services on a bundled basis may choose to subscribe to network access from a competitor that provides these additional services.

Our potential customers may have unrelated business relationships with our competitors and consider those relationships when deciding between our services and those of our competitors. Many of our competitors are large facilities-based carriers that purchase substantial amounts of services or provide other services or goods unrelated to network access services. As a result, if a potential customer is also a supplier to one of our large competitors, or purchases unrelated services or goods from our

Table of Contents

competitor, the potential customer may be motivated to purchase its network access services from our competitor to maintain or enhance its business relationship with that competitor. In addition, our current or potential carrier customers may already have or may consider buying services from mobility management solution providers which may impact our ability to sell our services to those customers as well as drive market prices down for the services that we offer.

Users may take advantage of free Wi-Fi networks for Internet and corporate access. Telecommunications providers may offer free Wi-Fi as part of a home broadband or other service contract, which may force down the prices which the market will bear for our services and could reduce our revenues.

If our carrier and channel partners do not successfully market our services to their customers, then our ability to grow our revenues could be impaired.

We sell our services directly through our sales force and indirectly through our channel partners, which include telecommunication carriers, systems integrators and value-added resellers. A large percentage of our sales outside the United States are made through our carrier and channel partners. Our business depends on the efforts and the success of these carrier and channel partners in marketing our services to their customers. Our own ability to promote our services directly to our carrier and channel partners' customers is often limited. Many of our carrier and channel partners may offer services to their customers that may be similar to, or competitive with, our services. Therefore, these channel partners may not actively promote our services. If our channel partners fail to market our services effectively, our ability to grow our revenue could be reduced and our business may be impaired.

Our revenue and overall profitability may be adversely impacted by material reductions in existing customer and partner purchase commitments.

Our customers and partners have traditionally entered into contractual provisions that require them to pay the greater of the fees generated from the use of our services or a minimum committed amount over a pre-determined time period. Minimum commitments are negotiated by customers to improve their unit pricing, effectively guaranteeing a certain volume to achieve a reduced unit price. Recent global economic conditions in certain cases caused our customers and partners to generate fees from the use of our services that are significantly less than their minimum committed amounts. Consequently this shortfall has caused some partners and customers upon renewal of their contracts with us, to renew with a lower minimum commitment and in some cases with no minimum commitment. Additionally, in some cases partners and customers are requesting a re-evaluation of their minimum commitments on a prospective basis during the term of their existing contract; to maintain these commercial relationships, we have addressed these requests on a contract by contract basis. The reduction or elimination of minimum purchase commitments could result in lower future revenues.

Our software is complex and may contain errors that could damage our reputation and decrease usage of our services. Our software may contain errors that interrupt network access or have other unintended consequences. If network access is disrupted due to a software error, or if any other unintended negative results occur, such as the loss of billing information, a security breach, unauthorized access to our cloud-based platform or the introduction of a virus by our software onto our customers' computers or networks, our reputation could be harmed and our business may suffer. Our contracts generally limit our exposure to incidental and consequential damages and to the extent possible, we further limit our exposure by entering into insurance policies that are designed to protect our customers and us from these and other types of losses. If these contract provisions are not enforced or enforceable, or if liabilities arise that are not effectively limited or insured, our operating results and financial condition could be harmed.

Because a meaningful portion of our business is international, we encounter additional risks, which may impact our revenues and profitability.

We generate a substantial portion of our revenues from international customers. Revenues from customers domiciled outside of the United States were approximately 63% of our revenues for the three months ended March 31, 2015, of which approximately 50% and 11% were generated in the EMEA and Asia Pacific regions, respectively, and 65% of our revenues for 2014, of which approximately 48% and 15% were generated in the EMEA and Asia Pacific regions, respectively. The functional currency of our foreign subsidiaries is the U.S. Dollar and we currently bill nearly all of our services in U.S. Dollars. However, we pay certain expenses in local currencies. During the three months ended March 31, 2015, and years ended December 31, 2014, 2013 and 2012, we have not entered into any hedging contracts

to manage foreign currency exposure. Our international operations subject our business to specific risks that could negatively impact our business, including:

• Generally longer payment cycles for foreign customers;

• The impact of changes in foreign currency exchange rates on both the attractiveness of our USD-based pricing and our operating results, particularly upon the re-measurement of assets, liabilities, revenues and expenses and the transactional settlement of outstanding local currency liabilities;

Table of Contents

High taxes in some foreign jurisdictions;

Difficulty in complying with Internet and data privacy related regulations in foreign jurisdictions;

Difficulty enforcing intellectual property rights and weaker laws protecting these rights; and

Ability to efficiently deploy capital and generate returns in foreign jurisdictions.

We may be exposed to credit risk, collection risk and payment delinquencies on our accounts receivable.

A substantial majority of our outstanding accounts receivables are not secured. Our standard terms and conditions permit payment within a specified number of days following the receipt of our services. While we have procedures to monitor and limit exposure to credit risk on our receivables, there can be no assurance such procedures will effectively limit our collection risk and avoid losses. In addition, under poor global economic conditions, certain of our customers have faced and may face liquidity concerns and have delayed and may delay or may be unable to satisfy their payment obligations, which may have a material adverse effect on our financial condition and operating results.

Our sales cycles are lengthy and could require us to incur substantial costs that may not result in related revenues.

Our business is characterized by a lengthy sales cycle. Once a contract with a customer is signed there is typically an extended period before the customer or customer's end-users actually begin to use our services,

which is when we begin to realize network revenues. As a result, we may invest a significant amount of time and effort in attempting to secure a customer which may not result in any revenues in the near term. Even if we enter into a contract, we may have incurred substantial sales-related expenses well before we recognize any related revenues. If the expenses associated with sales efforts increase and, we are not successful in our sales efforts, or we are unable to generate associated offsetting revenues in a timely manner, our operating results could be harmed.

Cyber security risks and privacy concerns related to Internet-based services could reduce demand for our services.

The secure transmission of confidential information and mission critical data when using Internet-based services is extremely important to our customers. A key component of our ability to attract and retain customers is the security measures that we have engineered into our network for the authentication of the end-user's credentials. These measures are designed to protect against unauthorized access to our customers' networks. Because techniques used to obtain unauthorized access or to sabotage networks change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures against unauthorized access or sabotage. If an actual or perceived breach of network security occurs, that is attributable to our services, the market perception of the effectiveness of our cyber security measures could be harmed resulting in a negative impact to our business.

As part of providing our services, we collect certain information about the users of our service. As such we must comply with evolving laws and regulations regarding the protection and disclosure of such user information. While we have taken steps to comply with applicable privacy laws and regulations and to protect user information, any well-publicized compromises of our users' data may reduce demand for our services and harm our business.

We rely significantly on information technology to accurately bill our customers and any failure, inadequacy or interruption of that technology could negatively impact our ability to report on our financial performance on a timely basis.

A key component of our ability to attract and retain customers is the timely and accurate furnishing of monthly detail billing records of activity on our network, rated for the agreements in place with both our customers and our suppliers. Our ability to meet these billing requirements, as well as to effectively manage and maintain our books and records and internal reporting requirements, depends significantly on our internal information technology.

If licenses to third party technologies do not continue to be available to us at a reasonable cost, or at all, our business and operations may be adversely affected.

We license technologies from several software providers that are incorporated into our services. We anticipate that we will continue to license technology from third parties in the future. Licenses to third party technologies may not continue to be available to us at a reasonable cost, or at all. The loss of the right to use these technologies or other technologies that we license could have an adverse effect on our services and increase our costs or cause interruptions, degradations or delays in our services until substitute technologies, if available, are developed or identified, licensed and successfully integrated into our services.

Litigation arising out of intellectual property infringement could be expensive and disrupt our business.

We cannot be certain that our services do not, or will not, infringe upon patents, trademarks, copyrights or other intellectual property rights held by third parties, or that other parties will not assert infringement claims against us. Any claim of

27

Table of Contents

infringement of proprietary rights of others, even if ultimately decided in our favor, could result in substantial costs and diversion of our resources. Successful claims against us may result in an injunction or substantial monetary liability, which in either case could significantly impact our results of operations or materially disrupt the conduct of our business. If we are enjoined from using a technology, we will need to obtain a license to use the technology, but licenses to third-party technology may not be available to us at a reasonable cost, or at all.

To compete we must attract and retain key employees, and our failure to do so could harm our results of operations. To compete we must attract and retain executives, sales representatives, engineers and other key employees. Hiring and retaining qualified executives, sales representatives and engineers are critical to our business, and competition for experienced employees in our industry can be intense. If we experience an unexpected significant turnover of our executives, sales representatives, engineers and other key employees it will be difficult to achieve our business objectives and could adversely impact our results of operations.

If we fail to develop and effectively market our brand, our operating results may be harmed.

We believe that expanding awareness of the iPass brand is important to growing and achieving acceptance of our iPass Open Mobile Platform. We have increased our marketing efforts, including new promotional and marketing activities, to further implement our global marketing objectives. These promotional and marketing activities may not result in any increased revenue. Further, any potential revenue increase as a result of these promotional and marketing activities may not offset the expenses incurred in further promoting the iPass brand.

*The proxy contest initiated by a dissident stockholder has the potential to adversely affect our business and the market price of our common stock.

A group of stockholders led by Maguire Asset Management, Francis Capital Management, and Foxhill Opportunity Fund, or the Maguire Group, has initiated a proxy contest with respect to the matters to be voted upon at our 2015 annual meeting of stockholders, or the Annual Meeting. Among other things, the Maguire Group is proposing to solicit proxies in opposition to us for the purpose of voting in favor of its five nominees for election to our board of directors. Our business, operating results or financial condition could be harmed by the proxy contest because, among other things:

- responding to the proxy contest is costly and time-consuming, is a significant distraction for our board of directors, management and employees, and diverts the attention of our board of directors and senior management from the pursuit of our business strategy, which could adversely affect our results of operations and financial condition;

perceived uncertainties as to our future direction, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team, including our chief executive officer, may lead to the perception of a change in the direction of our business, instability or lack of continuity which may be exploited by our competitors, and may result in the loss of potential business opportunities and make it more difficult to attract and retain qualified personnel and business partners;

- the expenses for legal and advisory fees and administrative and associated costs incurred in connection with responding to proxy contests and any related litigation may be substantial; and
- we may choose to initiate, or may become subject to, litigation as a result of the proxy contest or matters arising from the proxy contest, which would serve as a further distraction to our board of directors, management and employees and would require us to incur significant additional costs.

In addition, the market price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by the uncertainties described above, the outcome of the proxy contest, or a threat of future stockholder activism.

Item 6. Exhibits

See the Exhibit Index which follows the signature page of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Table of Contents

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.

iPass Inc.

Date: May 7, 2015

/s/ KAREN WILLEM

Karen Willem

Senior Vice President and Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

Table of Contents

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation. (Filed as Exhibit 3.1 to our Form 10-Q (SEC File No. 000-50327), filed on November 13, 2003, and incorporated by reference herein.)
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation. (Filed as Exhibit 3.2 to our Form 10-Q (SEC File No. 000-50327), filed on August 7, 2009, and incorporated by reference herein.)
3.3	Certificate of Change to Amended and Restated Certificate of Incorporation. (Filed as Exhibit 3.1 to our Form 8-K (SEC File No. 000-50327), filed on February 3, 2010, and incorporated by reference herein.)
3.4	Amended and Restated By-Laws. (Filed as Exhibit 3.4 to our Form 10-Q (SEC File No. 000-50327), filed on November 7, 2013, and incorporated by reference herein.)
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4
4.2	Specimen stock certificate. (Filed as Exhibit 4.2 to our Registration Statement on Form S-1/A (SEC File No. 333-102715), filed on July 1, 2003, and incorporated by reference herein.)
10.1	Separation Agreement with Evan Kaplan dated March 13, 2015.
10.2	Offer Letter with Gary A. Griffiths, dated February 16, 2015. (Filed as Exhibit 10.28 to our Form 10-K (SEC File No. 000-50327), filed on March 13, 2015, and incorporated by reference herein.)
10.3	Offer Letter with Patricia Hume, dated February 16, 2015. (Filed as Exhibit 10.29 to our Form 10-K (SEC File No. 000-50327), filed on March 13, 2015, and incorporated by reference herein.)
10.4	2015 Management Compensation Plan (Described in Item 5.20 of our Form 8-K (SEC File No. 000-50327), filed on February 20, 2015, and incorporated by reference herein.)
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the 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 the 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.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document

Edgar Filing: IPASS INC - Form 10-Q

- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

30