COMMVAULT SYSTEMS INC
Form 10-K
May 14, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2013

Or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number: 1-33026

CommVault Systems, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**22-3447504**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2 Crescent Place **Oceanport, New Jersey**	**07757**
(Address of principal executive offices)	*(Zip Code)*

(732) 870-4000

(Registrant s telephone number, including area code)

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

None

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	The NASDAQ Stock Market

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by the 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 þ No ¨

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

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

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 definition of large accelerated filer, accelerated filer and smaller reporting company in rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if 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 þ

As of September 30, 2012, the last business day of the Registrant s most recently completed second fiscal quarter; the aggregate market value of voting and non-voting common stock held by non-affiliates of the registrant (based upon the closing price of the common stock as reported by The NASDAQ Stock Market) was approximately $2.5 billion.

As of April 29, 2013, there were 46,480,599 shares of the registrant s common stock ($0.01 par value) outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to portions of the registrant s definitive Proxy Statement for its 2013 Annual Meeting of Stockholders (the Proxy Statement), which is expected to be filed not later than 120 days after the registrant s fiscal year ended March 31, 2013. Except as expressly incorporated by reference, the Proxy Statement shall not be deemed to be part of this report on Form 10-K.

COMMVAULT SYSTEMS, INC.

FORM 10-K

FISCAL YEAR ENDED MARCH 31, 2013

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FORWARD-LOOKING STATEMENTS

The discussion throughout this Annual Report on Form 10-K contains forward-looking statements. In some cases, you can identify these statements by our use of forward-looking words such as may, will, should, anticipate, estimate, expect, plan, believe, predict, p intend, could or similar expressions. In particular, statements regarding our plans, strategies, prospects and expectations regarding our business are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. You should be aware that these statements and any other forward-looking statements in this document reflect only our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Many of these risks, uncertainties and assumptions are beyond our control and may cause actual results and performance to differ materially from our expectations. Important factors that could cause our actual results to be materially different from our expectations include the risks and uncertainties set forth under the heading Risk Factors. Accordingly, you should not place undue reliance on the forward-looking statements contained in this Annual Report on Form 10-K. These forward-looking statements speak only as of the date on which the statements were made. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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PART I

Item 1. ***Business***

Company Overview

CommVault is a leading provider of data and information management software applications and related services. CommVault was incorporated in 1996 as a Delaware corporation. We develop, market and sell data and information management software applications under the Simpana® Software brand. Simpana software is built from the ground up on a single platform and unified code base for integrated data and information management. The Simpana platform contains licensable modules that work together seamlessly, sharing a single code and common function set to deliver Backup and Recovery, Archive, Replication, Search and Analytic capabilities across physical, virtual and cloud environments. With a single platform approach, Simpana software is specifically designed to protect, manage and access data throughout its lifecycle in less time, at lower cost and with fewer resources than alternative solutions. Simpana software provides our customers with:

- High-performance data protection, including backup and recovery;
- Data migration and archiving;
- Snapshot management and replication of data;
- Integrated source, and target data deduplication;
- eDiscovery and compliance solutions;
- Self-service access;
- A secure virtual repository using Simpana ContentStore;
- Enterprise-wide search capabilities;
- Protection, recovery and discovery of data in virtual server environments; and
- Robust built-in analytics and troubleshooting tools.

Our product features and capabilities enable our customers to deploy solutions for data protection, business continuance, corporate compliance and centralized management and reporting. We also provide our customers with a broad range of professional services that are delivered by our worldwide support and field operations.

Simpana software enables our customers to simply and cost effectively protect and manage their enterprise data throughout its lifecycle, from the mobile worker to the remote office to the data center, covering the leading operating systems, relational databases, virtualized environments and applications. In addition to addressing today s data and information management challenges, our customers can realize lower capital costs through more efficient use of their enterprise-wide storage infrastructure assets. This includes the automated movement of data from higher cost to lower cost storage devices throughout its lifecycle, and through sharing and better utilization of storage resources across the enterprise. Simpana can also provide our customers with reduced operating costs through a variety of methods, including fast application deployment, reduced training time, lower cost of storage media consumables, proactive monitoring and analysis, and lower administrative overhead.

Simpana software is built upon an innovative single platform architecture that consists of:

- Policy engine that enables customers to set rules to automate the management of data;

- Data movement engine that transports data using network communication protocols;

- Catalog engine that contains a global database describing the nature of all data, such as the users, applications and storage with which it is associated;

- Index engine that systematically identifies and organizes all data, users and devices accessible to our software modules; and

- Media management engine that controls, catalogs and moves data to the most efficient tier of storage including disk, tape, optical and cloud storage devices.

We refer to this single, unified code base underlying each of our Simpana applications as our Common Platform. Each data and information management module within our Simpana platform is designed to be best-in-class and is fully integrated into our Common Platform. Our single platform is unique and differentiates us from our competitors, some of whom address market needs by offering multiple and disparate point products. We believe that the disparate and point product approach forces users to install and maintain separate products requiring their own infrastructure, training, maintenance and management which can result in a complex and costly environment for customers who are looking for a single solution that will improve operations, minimize risk and reduce overall costs.

We have established a worldwide, multi-channel distribution network to sell our software and services to large global enterprises, small and medium sized businesses and government agencies, both directly through our sales force and indirectly through our global network of value-added reseller partners, systems integrators, corporate resellers and original equipment manufacturers. Our original equipment manufacturer partners primarily include Dell, Inc. (Dell), Hitachi Data Systems and NetApp. As of March 31, 2013, we had licensed our data and information management software to approximately 18,200 registered customers.

CommVault s executive management team has led the growth of our business, including the development and release of all our software, since its introduction as Galaxy backup and recovery in February 2000. Under the guidance of our management team, we have sustained technical leadership with the introduction of new data and information management applications, and have garnered numerous industry awards and recognition for our innovative solutions.

Certain financial information with respect to geographic segments is contained in Note 10 to our consolidated financial statements set forth in Item 8.

Our internet address is www.commvault.com. On this website, we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC): our Annual Reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, our proxy statements related to our annual stockholders meetings and any amendment to those reports or statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. All such filings are available on the Investors Relations portion of our web site free of charge. The contents of our web site are not incorporated by reference into this Form 10-K or in any other report, statement or document we file with the SEC.

Industry Background

The driving force behind the growth of the data and information management software industry is the rapid growth of data, coupled with the need to reliably protect and quickly access that data, while maintaining the ability to effectively manage the emerging regulations around compliance and e-discovery.

Data is widely considered to be one of an organization s most valued assets. The increasing reliance on critical enterprise software applications such as e-mail, relational databases, enterprise resource planning, customer relationship management and workgroup collaboration tools is resulting in the rapid growth of data across all enterprises. New government regulations, such as those issued under the Sarbanes-Oxley Act, the Health Insurance Portability and Accountability Act (HIPAA), Government Paper Elimination Act (GPEA), Homeland Security, the Patriot Act, Freedom of Information Act (FOIA) and the Basel Committee on Banking Supervision (Basel II), as well as company policies requiring data preservation, are expanding the proportion of data that must be archived and easily accessible for future use. In addition, ensuring the security, availability and integrity of the data has become a critical task as regulatory compliance and corporate governance objectives affecting many organizations mandate the creation of multiple copies of data with longer and more complex retention requirements.

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In addition to rapid data growth, data storage has transitioned from being server-attached to becoming widely distributed across local and global networked storage systems. Data previously stored on primary disk and backed up on tape is increasingly being backed up, managed and stored on a broader array of storage tiers ranging from high-cost, high-performance disk systems, to lower-cost mid-range and low-end disk systems, to tape libraries and emerging cloud storage services. This transition has been driven by the growth of data, the pervasive use of distributed critical enterprise software applications, the decrease in disk cost, and the demand for 24/7 business continuity.

The recent innovations in storage and networking technologies, coupled with the rapid growth of data, have caused information technology managers to redesign their data and storage infrastructures to deliver greater efficiency, broaden access to data and reduce costs. The result has been the wide adoption of virtualized environments with larger and more complex networked data and storage solutions. We also believe cloud computing, in its various forms, represents a long term industry trend in the way that applications are delivered, data is stored and information is retrieved.

The rapid growth of data and the need to securely protect, manage and access this data is driving substantial opportunities for managed service providers (MSPs) to help organizations deploy and manage solutions that deliver data management capabilities. The result is reduced long-term management costs with increased offerings to customers, which we believe represents a long-term industry trend in the way that services are offered.

We believe that these trends are increasing the demand for software applications that can simplify data and information management, provide secure and reliable access to all data across a broad spectrum of tiered storage and computing systems and seamlessly scale to accommodate growth, while reducing the total cost of ownership to the customer.

Our Software

We provide our customers with a single, scalable platform of data and information management software modules that are fully integrated into our Common Platform. Our software enables centralized protection and management of globally distributed data while reducing the total cost of managing, moving, storing and assuring secure access to that data from a single, browser-based interface from the data center, to laptops, remote offices and the cloud. We provide our customers with high-performance data protection, including backup and recovery; data migration and archiving; snapshot management and replication of data; integrated source and target data deduplication; e-discovery and compliance solutions; self-service access; a secure virtual repository using Simpana ContentStore; enterprise-wide search capabilities; protection, recovery and discovery of data in virtual server environments; and robust built-in analytics and troubleshooting tools.

Our software fully interoperates with a wide variety of operating systems, applications, network devices, protocols, storage arrays, storage formats and tiered storage infrastructures, providing our customers with the flexibility to purchase and deploy a combination of hardware and software from different vendors. As a result, our customers can purchase and use the optimal hardware and software for their needs, rather than being restricted to the offerings of a single vendor. Key benefits of our software and related services include:

Dynamic Management of Widely Distributed and Networked Data. Our software is specifically designed to optimize management of data on tiered storage and widely distributed data environments, including SAN, NAS and Cloud. Our architecture enables the creation of policies that automate the movement of data based on business goals for availability, recoverability and disaster tolerance. User-defined policies determine the storage media on which data should reside based on its assigned value.

Single Software Platform Delivering Applications Built Upon a Common Platform and Sealable Code Base. All of our software applications share common components of our underlying software code, which drives significant cost savings versus the point products or loosely integrated solutions offered by our competitors. In addition, we believe that each of the individual data and information management

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applications in our Simpana software delivers superior performance, functionality and total cost of ownership benefits. These solutions can be delivered to our customers either as part of our single platform or as stand-alone applications. We also believe that our architecture will allow us to more rapidly introduce new applications that will enable us to expand beyond our current addressable market.

Global Scalability and Seamless Centralized Data and Information Management. Our software is highly scalable, enabling our customers to keep pace with the growth of data and technologies deployed in their enterprises. We use the same underlying software architecture for large global enterprise, small and medium sized business and government agency deployments. We offer a centralized, browser-based management console from which policies automatically move data according to users needs for data access, availability and cost objectives. With Simpana software, our customers can automate the discovery, management and monitoring of enterprise-wide storage resources and applications.

Streamlined Data Management. Our software enables customers to converge processes for backup, archive and reporting from a single data collection. By reading and/or moving data only once and consolidating policies into a single console, redundant processes are eliminated to speed operations, reduce storage costs and simplify management. Redundant operations that affect resources and administration are eliminated. With a single pass, the frequency in which massive amounts of file data that have to be managed are reduced. As a result, our software can scan, collect and transfer data in one operation to help solve the challenges associated with today s era of massive volumes of data, commonly referred to as Big Data and unstructured data growth.

Protect, Recover, Access and Discover Information Stored at the Edge of an Enterprise. Our software protects data on laptops and desktops. Desktop and laptop computers often hold data that is subject to stringent security and compliance requirements but protecting this data at the edge can be difficult to manage cost effectively. Our software contains robust features that reliably protect data, improve data availability, simplify management, and reduce costs, while exceeding most requirements for security and compliance.

Integrated Source and Target Data Deduplication. Our software brings a universal approach to deduplication by integrating and embedding deduplication throughout a customer s data infrastructure: from clients to disk to tape, across all data types, sources and platforms, and across all backup and archive data sets and storage tiers, including VMware and Microsoft Hyper-V virtualized environments. Our unique and flexible data and information management architecture ensures that deduplication capabilities scale with an organization s enterprise data growth with minimal footprint.

Cloud Computing. Our software provides seamless integration with certain trusted cloud storage providers and extends the singular data and information management capabilities of our Simpana software platform to the cloud. The combination of key partner offerings and Simpana software reduces the complexity of moving and managing data in the cloud while also easing top business concerns regarding security, reliability and robust performance. Our integrated cloud storage connector enables customers to move on-premises backup and archive data into, and out of, private and public cloud storage.

Reporting Analytics. Our software has robust, built-in reporting analytics to enable infrastructure cost planning, insight into operations and simplified compliance audits. Managed from a single console, Simpana software eliminates the need for disparate, third-party reporting tools. With integrated reporting and analytic views of data infrastructure, users can centrally manage and report on operations across multiple instances and across geographically distributed environments, while reclaiming unused capacity and making informed choices on archiving rules and storage policies.

Workflow Automation. Our software delivers advanced workflow and automation capabilities designed to deliver streamlined management and optimized resource utilization. Our software contains an extensive catalog of pre-built workflows or users can create their own custom workflows using an intuitive graphical user interface. Using these advanced tools, administrators can automate business tasks.

State-of-the-Art Customer Support Services. We offer 24/7 global technical support. Our support operations center at our Oceanport, New Jersey headquarters is complemented by local support resources,

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including centers in Europe, Australia and China. Our worldwide customer support organization provides comprehensive local and remote customer care to effectively address issues in today s complex storage networking infrastructures. Our customer support process leverages the expertise of product development, field and customer support engineers and integrated software call-home functionality. In addition, we incorporate into our software many self-diagnostic and troubleshooting capabilities and provide automated web-based support capabilities to our customers. Furthermore, we have implemented a voice-over-IP telephony system to tie our worldwide support centers together with an integrated call center messaging and updated and enhanced our trouble ticket management system.

Superior Professional Services. We are committed to providing high-value, superior professional services to our customers. Our Global Professional Services group provides complete business solutions that complement our software sales and improve the overall user experience. Our end-to-end services include consulting, implementation, post-deployment and education services. These services help our customers improve the protection, disaster recovery, availability, security and regulatory compliance of their global data assets while minimizing the overall cost, risk and complexity of their data infrastructures.

Lower Total Cost of Ownership. Software solutions built on our common architecture enable our customers to realize compelling total cost of ownership benefits, including reduced capital costs, operating expenses and support costs.

ContentStore. As the back-end repository for all Simpana-managed information, ContentStore is a hardware-agnostic, secure, virtual repository where all backup and archive data is maintained. The intelligent index provides global awareness for data so users can quickly find what they need, when they need it. ContentStore eliminates inefficient data silos that waste resources and infrastructure by consolidating managed data and automating retention and tiering according to user defined policies.

Our software licenses typically provide for a perpetual right to use our software and are sold on a per-copy basis, on a capacity basis or as site licenses. Software licenses sold on a capacity basis provide the customer with unlimited licenses of specified software products based on a defined level of terabytes of data under management. As a result, when we sell our platform through a capacity license, many of the various Simpana functionalities and modules discussed below are bundled into one capacity based price. Site licenses give the customer the additional right to deploy the software on a limited basis during a specified term.

Simpana Software Modules

Simpana software is one product that contains licensable modules all built on a single unified code base and platform to protect, manage and access data and information. Within the platform, tightly integrated, powerful software features deliver functionality throughout physical and virtual environments to help protect and recover data, manage costs and complexity and gain better insight into information. The following table summarizes the modules of our Simpana software:

Simpana Software Application Modules	Functionality
Backup and Recovery	High-performance backup and restoration of enterprise data for file systems, applications, databases and virtual machine systems
Archive	Integrated data archiving solution that optimizes data tiering and improves information governance
	Enterprise-wide storage optimization for email and files reducing space on primary storage
Replication	Protection of critical applications and data with snapshots and real-time replication
Search	Web browser allows search, sort, select and retrieval of corporate files and information from online, archive, and backup data copies
Analyze	Robust, built-in reporting and insights capability allows for centralized management and reporting on operations across multiple environments

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Backup and Recovery

The Simpana Backup and Recovery application module delivers reliable data protection, multiple recovery options and sophisticated data retention capabilities for both enterprise protection as well as small- and medium-sized business protection. Our Backup and Recovery module is designed for fast, easy deployment within an existing infrastructure, capable of extending backup to the edge of an enterprise, including laptops and desktops. Simpana Backup and Recovery allows users to easily browse and find data, and then recover it reliably, rapidly and efficiently. Compatible with a wide variety of applications and platforms, our Backup and Recovery module provides easy-to-use data protection and retention that supports corporate and federal policies.

We believe that our Backup and Recovery application is the foundation of a modern data management solution that allows enterprises to better manage information assets and recover data. Our Simpana Backup and Recovery application module has been optimized to protect data and information assets wherever they reside: in physical, virtual, and cloud environments.

Archive

The Simpana Archive application is an integrated data archiving solution that optimizes data tiering and improves information governance. With built-in tiered storage and multi-platform support including Microsoft Exchange servers, IBM Lotus systems, and Microsoft SharePoint data, comprehensive archive management is simplified. Archiving network attached storage (NAS), e-mail and file system data reclaims space on primary storage, reduces the amount of data to be backed up and allows enterprises to keep more copies of its data to meet recovery time objectives and recovery point objectives. Archived data is retained for compliance and eDiscovery purposes while maintaining transparent end-user access. The benefits of our Archive application include the ability to: reclaim primary storage, manage data retention and address information governance needs; provide visibility with non-intrusive data collection from physical and virtual environments with integrated storage resource management; enforce retention and disposition policies to meet policy requirements and reduce risk; enable a proactive and legally defensible information management strategy from a common interface; allow seamless migration of archived data into public or private clouds.

Replication

The Simpana Replication application module enables enterprises to create replica copies of production data quickly, efficiently and cost-effectively using a combination of host-based replication and snapshot technologies. These copies of data can be immediately accessed for rapid recovery, be used to create multiple recovery points or to perform traditional backups without impacting server performance. Resuming business with minimal loss of data and being able to create multiple points-in-time during the normal business day enables enterprises to get back to business with minimal disruption. Our Replication hardware snapshot integration provides customers with SAN investment protection and choice, eliminating the backup window and accelerating recovery. By creating hardware snapshot copies internal to the storage array, high speed recovery copies can be created with minimal impact on the production servers. Our Replication solution allows enterprises to meet recovery point and recovery time objectives without taking production systems offline by leveraging continuous capture byte-level replication to continuously protect data. Our Replication module recovers files or applications to a specific point-in-time. Finally, Simpana Replication software can eliminate exposures from site disaster, costly off-site tape storage and lower total cost of ownership by leveraging remote or virtual sites for disaster recovery.

Search

The Simpana Search module leverages a single console to search across multiple data types from a single platform. This ensures that all data sources are accounted across online, archive and backup copies. Simpana Search software is an intuitive and ergonomic web interface to search, sort, select and retrieve corporate files and information over any source across the enterprise. Simpana Search software allows users to intelligently mine into information based on meaning and the characteristics of the information itself, including frequently used keywords and phrases, date ranges and use of files and attachments.

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Simpana Search software serves multiple stakeholders, such as legal or compliance teams, records managers, knowledge workers as well as IT teams and end-users. It includes capabilities designed to assist organizations in responding to legal discovery actions and compliance audits, including classification and preservation features as well as data analytics, review, filtering and workflow. All these capabilities enable higher levels of business productivity, competitiveness and reduced risk by offering users direct access to data.

Analyze

The Simpana Analyze application module delivers robust, built-in reporting analytics that enables infrastructure cost planning, provide insight into operations and simplify compliance audits. Simpana software provides unique software with deep operational reporting integrated into both archive and backup operations. Our Analyze solution is fully integrated into backup and archive operations and delivers intuitive reporting and predictive capabilities across an enterprise. This solution provides enterprises with the ability to analyze and view physical and virtual storage utilizations and maximize their usage; make informed decisions on how best to deploy an application in a virtualized environment; identify stale data and make informed decisions on archiving rules and storage policies; leverage file-level analytics for physical and virtual environments; reclaim physical and virtual storage capacities using integrated archiving actions within reports; and produce chargeback reports based on physical and virtual machine capacities.

Services

A comprehensive global offering of customer support and other professional services is critical to the successful marketing, sale and deployment of our software. From planning to deployment to operations, we offer a complete set of technical services, training and support options that maximize the operational benefits of our suite of software applications. Our commitment to superior customer support is reflected in the breadth and depth of our services offerings as well as in our ongoing initiatives to engineer resiliency, automation and serviceability features directly into our products.

We have established a global customer support organization built specifically to handle our expanding customer base. We offer multiple levels of customer support that can be tailored to the customer s response needs and business sensitivities. Our customer support services consist of:

Real-Time Support. Our support staff is available 24/7 by telephone to provide first response and manage the resolution of customer issues. In addition to phone support, our customers have access to an online product support database for help with troubleshooting and operational questions. Innovative use of web-based diagnostic tools provides problem analysis and resolution. Our software design is also an important element in our comprehensive customer support, including root cause problem analysis, intelligent alerting and troubleshooting assistance. Our software is directly linked to our online support database allowing customers to analyze problems without engaging our technical support personnel.

Significant Network and Hardware Expertise. Our support engineers have extensive knowledge of complex applications, servers and networks. We proactively take ownership of the customer s problem, regardless of whether the issue is directly related to our products or to those of another vendor. We have also developed and maintain a knowledge library of storage systems and software products to further enable our support organization to quickly and effectively resolve customer problems.

Global Operations. Our global customer support headquarters is located at our state-of-the-art technical support center in Oceanport, NJ. We also have established key support operations in Reading, United Kingdom; Sydney, Australia; and Shanghai, China, which are complemented by regional support centers in other worldwide locations. Our cloud-based support system creates a virtual global support center combining these locations to allow for the fastest possible resolution times for customer incidents. We have designed our support infrastructure to be able to scale with the increasing globalization of our customers.

Enhanced Support Options. We offer several enhanced customer support services such as Business Critical Support (BCS) and Remote Operations Management Service (ROMS). Our BCS service is for customers with critical support needs and builds on our 24/7 real-time support deliverables and includes various levels of enhanced services to ensure dedicated support and customized reporting. BCS adds a specialized team of Technical Support Engineers (TSE), an assigned Support Account Manager (SAM) and innovative tools to achieve our customers mission. Our ROMS services provide an innovative web-based integrated support automation system that provides customers with overnight, weekend and holiday monitoring. Through a user-friendly, intuitive web dashboard, users can access and track real-time alert, trend and storage usage reports anytime, anywhere.

We also provide a wide range of other professional services that include:

Consulting Services. Our consulting services assist customers in determining data and storage management requirements, designing solutions to meet those requirements and planning for successful implementation and deployment. We offer services such as data management maturity assessment; architecture design; disaster recovery readiness and policy design; cloud infrastructure design; data classification and archive policy design; records management and eDiscovery design; virtual data protection design; snapshot management design and wellness assessment.

Implementation and Post-deployment Services. Our professional services team helps customers efficiently configure, install and deploy our Simpana suite based on specified business objectives. We offer services such as architecture implementation; disaster recovery readiness and policy implementation; cloud infrastructure implementation; data classification and archive policy implementation; virtual data protection implementation; snapshot management implementation and legacy archive migration. In addition, our residency services offer customers staff-augmentation options to assist with the rapid expert deployment of the Simpana software suite.

Education Services. We provide global onsite training, offsite training and self-paced online alternatives for our products. Packaged or customized customer training courses are available in instructor-led or computer-based formats. We offer in-depth training and certification for our resellers in pre- and post-sales support methodologies, including web access to customizable documentation and training materials.

Strategic Relationships

An important element of CommVault s strategy is to establish relationships with third parties that assist us in developing, marketing, selling and implementing our software and services. We believe that strategic and technology-based relationships with industry leaders are fundamental to our success. We have forged numerous relationships with software application and hardware vendors to enhance our combined capabilities and to create the optimal combination of data and information management applications. This approach enhances our ability to expand our product offerings and customer base and to enter new markets. We have established the following types of strategic relationships:

Technology Alliance. We maintain strategic product and technology relationships with major industry leaders to ensure that our software applications are integrated with, supported by and add value to our partners hardware and software products. Collaboration with these market leaders allows us to provide applications that enable our customers to improve data and information management efficiency. Our significant strategic relationships include Bull, Citrix, Fujitsu, HP, Microsoft, Oracle, SAP and VMware. In addition to these relationships, we maintain relationships with a broad range of industry operating system, application and infrastructure vendors to verify and demonstrate the interoperability of our software applications with their equipment and technologies.

Distributors, Value-Added Reseller, Systems Integrator, Corporate Reseller and Original Equipment Manufacturer Relationships. Our corporate resellers bundle or sell our software applications together with their

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own products, and our value-added resellers resell our software applications independently. As of March 31, 2013, we had approximately 603 reseller partners and systems integrators that have distributed our software worldwide.

In order to broaden our market coverage, we work closely with our Global Original Equipment Manufacturer (OEM) Partners, investing significant time and resources to deliver unique, joint solutions incorporating Simpana software. These partners team with our technical, engineering, marketing and sales forces on helping to enhance integration, tuning, operational management, implementation and vision for solutions that are designed to meet current and future data and information management needs. Our alliance managers work directly with Global OEM Partners to design, deliver and support field activities that make it easier for customers to locate, learn about, and purchase these differentiated solutions. We have original equipment manufacturer distribution agreements primarily with Dell, Hitachi Data Systems and NetApp. Under these agreements, the original equipment manufacturers sell, market and support our software applications and services independently and/or incorporate our software applications into their own hardware products. Our original equipment manufacturer agreements do not contain any minimum purchase or sale commitments. In addition to our original equipment manufacturer agreement with Dell, we also have a corporate reseller agreement with the Dell Software and Peripherals division. Additional disclosures related to Dell are contained in Item 1A Risk Factors and in Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations in the Sources of Revenue section.

Additionally, we have distribution agreements covering our North American commercial and U.S. Federal Government markets with Arrow Enterprise Computing Solutions, Inc. (Arrow), a subsidiary of Arrow Electronics, Inc., and Avnet Technology Solutions (Avnet), a subsidiary of Avent Inc. Pursuant to these distribution agreements, Arrow s and Avnet s primary role is to enable a more efficient and effective distribution channel for our products and services by managing our reseller partners and leveraging their own industry experience.

Service Providers. We work with many service providers to ensure that customer data is protected, managed and stored securely while delivering rapid self-service access by leveraging the modern data management capabilities in the single-platform Simpana software to deliver backup, archive, disaster recovery and eDiscovery services. Our significant premier partners include Bluelock, Cerner, IlliniCloud, KIO Networks, Peak 10, Presilient, Rackspace, Tenzing, Terremark and Ubistor.

Customers

We sell Simpana software applications and related services directly to large global enterprises, small and medium sized businesses and government agencies, and indirectly through value-added resellers, systems integrators, corporate resellers and original equipment manufacturer partners. As of March 31, 2013, we had licensed our software applications to approximately 18,200 registered customers in a broad range of industries, including banking, insurance and financial services, government, healthcare, pharmaceuticals and medical services, technology, legal, manufacturing, utilities and energy.

Sales through our reseller agreement and original equipment manufacturer agreement with Dell accounted for approximately 20% of our total revenues for fiscal 2013 and 22% for fiscal 2012. Dell is an original equipment manufacturer and a reseller that purchases software from us for resale to its customers, but is not the end-user of our software. Sales generated through our distribution agreement with Arrow accounted for approximately 29% of our total revenue in fiscal 2013 and 26% in fiscal 2012. Revenue from sales to the U.S. Federal Government accounted for less than 10% of our total revenues in both fiscal 2013 and fiscal 2012.

Technology

Our Common Platform serves as a major differentiator versus our competitors data and information management software products. Our Common Platform s unique indexing, cataloging, data movement, media

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management and policy technologies are the source of the performance, scale, management, cost of ownership benefits and seamless interoperability inherent in all of our data and information management software applications. Additional options enable content search, data encryption and auditing features to support data discovery and compliance requirements. Each of these applications shares a common architecture consisting of three core components: intelligent agent software, data movement software and command and control software. These components may be installed on a single host server, or each may be distributed over many servers in a global network. Additionally, the modularity of our software provides deployment flexibility. The ability to share storage resources across multiple data and information management applications provides easier data and information management and lower total cost of ownership. We participate in industry standards groups and activities that we believe will have a direct bearing on the data and information management software market.

Our software architecture consists of integrated software components that are grouped together to form a CommCell. Components of a CommCell are as follows:

- One CommServe
- One or more MediaAgents
- One or more iDataAgents

Each highly scalable CommCell may be configured to reflect a customer s geographic, organizational or application environment. Multiple CommCells can be aggregated into a single, centralized view for policy-based management across a customer s local or global information technology environment.

CommServe. The CommServe acts as the command and control center of the CommCell and handles all requests for activity between MediaAgent and iDataAgent components. The CommServe contains the centralized event and job managers and the index catalog. This database includes information about where data resides, such as the library, media and content of data. The centralized event manager logs all events, providing unified notification of important events. The job manager automates and monitors all jobs across the CommCell.

MediaAgent. The MediaAgent is a media independent module that is responsible for managing the movement of data between the iDataAgents and the physical storage devices. Our MediaAgents communicate with a broad range of storage devices, generating an index for use by each of our software applications. The MediaAgent software supports most storage devices, including automated magnetic tape libraries, tape stackers and loaders, standalone tape drives and magnetic storage devices, magneto-optical libraries, virtual tape libraries, DVD-RAM and CD-RW devices.

iDataAgent. The iDataAgent is a software module that resides on the server or other computing device and controls the data being protected, replicated, migrated or archived, often referred to simply as the client software. iDataAgents communicate with most open and network file systems and enterprise relational databases and applications, such as Microsoft Exchange, Microsoft SharePoint, Notes Domino Server, GroupWise, Oracle, Informix, Sybase, DB2 and SAP, to generate application aware indexes pertinent to granular recovery of application objects. The agent software contains the logic necessary to extract (or recover) data and send it to (or receive it from) the MediaAgent software.

Sales and Marketing

We sell our Simpana data and information management software applications and related services to large global enterprises, small and medium sized businesses, and government agencies. We sell through our worldwide direct sales force and our global network of distributors, value-added resellers, systems integrators, corporate resellers and original equipment manufacturer partners. As of March 31, 2013, we had 521 employees in sales and marketing. These employees are primarily located in North America, Europe, Australia and Asia.

We have a variety of marketing programs designed to create brand awareness and market recognition for our product offerings and for sales lead generation. Our marketing efforts include active participation at trade

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shows, technical conferences and technology seminars; advertising; content development and distribution; public relations; social media; industry analyst relations; publication of technical and educational articles in industry journals; sales training; and preparation of competitive analyses. In addition, our strategic partners augment our marketing and sales campaigns through seminars, trade shows and joint public relations and advertising campaigns. Our customers and strategic partners provide references and recommendations that we often feature in external marketing activities.

Research and Development

Our research and development organization is responsible for the design, development, testing and certification of our data and information management software applications. As of March 31, 2013, we had 396 employees in our research and development group, of which 142 are located in our Hyderabad and Bangalore development centers in India. In April 2012, we opened a new product development center in Bangalore, India, which increased our existing presence in India. Our engineering efforts support product development across all major operating systems, databases, applications and network storage devices. A substantial amount of our development effort goes into certification, integration and support of our applications to ensure interoperability with our strategic partners hardware and software products. We have also made substantial investments in the automation of our product test and quality assurance laboratories. We spent $47.4 million on research and development activities in fiscal 2013, $39.9 million in fiscal 2012 and $37.0 million in fiscal 2011.

Competition

The data storage management market is intensely competitive, highly fragmented and characterized by rapidly changing technology and evolving standards. We currently compete with other providers of data and information management software as well as large storage hardware manufacturers that have developed or acquired their own data and information management software products. These manufacturers have the resources and capabilities to develop their own data and information management software applications, and many have been making acquisitions and broadening their efforts to include broader data and information management and storage products. These manufacturers and/or our other current and potential competitors may establish cooperative relationships among themselves or with third parties, creating new competitors or alliances. Large operating system and application vendors, including Microsoft, have introduced products or functionality that includes some of the same functions offered by our software applications. In the future, further development by these vendors could cause some features of our software applications to become redundant.

The following are our primary competitors in the data and information management software applications market, each of which has one or more products that compete with a part of or our entire software suite:

- EMC
- IBM
- Symantec

The principal competitive factors in our industry include product functionality, product performance, product integration, platform coverage, ability to scale, price, worldwide sales infrastructure, global technical support, name recognition and reputation. The ability of major system vendors to bundle hardware and software solutions is also a significant competitive factor in our industry. Although many of our competitors have greater resources, a larger installed customer base and greater name recognition, we believe we compete favorably on the basis of these competitive factors.

Our unique product architecture is one of the primary reasons why we compete so successfully. Whereas other competitive solutions in the market are based on multiple, disparate products, our modular offering is based on a single, unified, underlying code base resulting in favorable efficiencies in functionality, integration, scalability and support. Our focused approach to data and information management and our ability to respond to customer feedback also drives the functionality and features of our products, which we believe lead the industry in terms of performance and usability, as evidenced by numerous industry awards we have received in the past 12 months such as the 2012 Silver Rising Star Award from the Global Technology Distribution Council (GTDC) in recognition of exceptional U.S. sales growth over the past year through distribution partners and Midsize Enterprise Summit East 2012 XCellence Awards in the category of Best Midmarket Solution, Software.

From a customer perspective, highly integrated products such as ours, which are based on a single, unified, underlying code base, are easier and less expensive to deploy, operate and manage. This flexibility, in turn, makes it significantly easier to scale our products over a customer s entire IT environment. Supporting and enhancing our products is made more efficient due to this single, unified, underlying code base, unlike our competitors who are required to support and enhance multiple, disparate products, most of which are based on differing underlying software codes. Supporting multiple, disparate products places larger demands on our competitors internal human and operational capital. We believe that Simpana software, because of its unique architecture, creates a compelling functional, integration, scalability and support advantage. We continue to expand our worldwide sales infrastructure and increase our distribution throughout the Americas, Europe, Middle East/Africa, Australia and Asia to meet the needs of our business.

Some of our competitors have greater financial resources and may have the ability to offer their products at lower prices than ours. In addition, some of our competitors have greater name recognition than us, which could provide them a competitive advantage at some customers. Some of our competitors also have longer operating histories, have substantially greater technical, sales, marketing and other global resources than we do, as well as a larger installed customer base and broader product offerings, including hardware. As a result, these competitors can devote greater resources to the development, promotion, sale and support of their products than we can.

Intellectual Property and Proprietary Rights

Our success and ability to compete depend on our continued development and protection of our proprietary software and other technologies. We rely primarily on a combination of trade secret, patent, copyright and trademark laws, as well as contractual provisions, to establish and protect our intellectual property rights. We provide our software to customers pursuant to license agreements that impose restrictions on use. These license agreements are primarily in the form of shrink-wrap or click-wrap licenses, which are not negotiated with or signed by our end-user customers. These measures may afford only limited protection of our intellectual property and proprietary rights associated with our software. We also enter into confidentiality agreements with employees and consultants involved in product development. We routinely require our employees, customers and potential business partners to enter into confidentiality agreements before we disclose any sensitive aspects of our software, technology or business plans.

As of March 31, 2013, we had 225 issued patents and 209 pending patent applications in the United States, as well as 74 issued patents in foreign countries and 64 pending foreign patent applications. Pending patent applications may receive unfavorable examination and are not guaranteed allowance as issued patents. We may elect to abandon or otherwise not pursue prosecution of certain pending patent applications due to patent examination results, economic considerations, strategic concerns or other factors. We will continue to assess appropriate occasions to seek patent and other intellectual property protection for innovative aspects of our technology that we believe provide us a significant competitive advantage.

Despite our efforts to protect our trade secrets and proprietary rights through patents and license and confidentiality agreements, unauthorized parties may still attempt to copy or otherwise obtain and use our software and technology. In addition, we intend to expand our international operations and effective patent, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries. If

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we fail to protect our intellectual property and other proprietary rights, our business could be negatively impacted.

We currently resell certain software from Microsoft, including Microsoft SQL Server, used in conjunction with our software applications pursuant to an independent software vendor royalty license and distribution agreement that we have and plan to continue renewing annually. We also currently resell certain other software from Microsoft, including Windows Pre-installation Environment software, used in conjunction with our software applications, pursuant to an agreement with Microsoft that expires May 31, 2014. We have entered into and expect to enter into agreements with additional third parties to license their technology for use with our software applications.

Some of the products or technologies acquired, licensed or developed by us may incorporate so-called open source software and we may incorporate open source software into other products in the future. The use of such open source software may ultimately subject some products to unintended conditions, which may negatively affect our business, financial condition, operating results, cash flow and ability to commercialize our products or technologies.

From time to time, we are participants or members of various industry standard-setting organizations or other industry technical organizations. Our participation or membership in such organizations may, in some circumstances, require us to enter into royalty or licensing agreements with third parties regarding our intellectual property under terms established by those organizations, which we may find unfavorable.

In the United States, we own federal registrations for or have common law trademark rights in the following marks: CommVault, CV Logo & CommVault, the CV logo, CommVault Systems, Solving Forward, SIM, Singular Information Management, Simpana, Simpana (logo), CommVault Galaxy, CommVault Edge Unified Data Management, QiNetix, Quick Recovery, QR, CommNet, GridStor, Vault Tracker, InnerVault, Quick Snap, QSnap, IntelliSnap, Simpana OnePass, Recovery Director, CommServe, CommCell, ROMS, Distinctly Data and CommValue. We also have several other trademarks and have obtained or are actively pursuing trademark registrations in several foreign jurisdictions.

Employees

As of March 31, 2013, we had 1,740 employees worldwide, including 521 in sales and marketing, 396 in research and development, 161 in general and administration and 662 in customer services and support. None of our employees are represented by a labor union. We have never experienced a work stoppage and believe our relationship with our employees is good.

Executive Officers of the Registrant

The following table presents information with respect to our executive officers as of May 15, 2013:

Name	Age	Position
N. Robert Hammer	71	Chairman, President and Chief Executive Officer
Alan G. Bunte	59	Executive Vice President, Chief Operating Officer
Brian Carolan	42	Vice President, Chief Financial Officer
Louis F. Miceli	63	Senior Vice President, Finance
Ron Miiller	46	Senior Vice President of Worldwide Sales
David West	47	Senior Vice President, Marketing and Business Development

N. Robert Hammer has served as our Chairman, President and Chief Executive Officer since March 1998. Mr. Hammer was also a venture partner from 1997 until December 2003 of the Sprout Group, the venture capital

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arm of Credit Suisse s asset management business. Prior to joining the Sprout Group, Mr. Hammer served as the chairman, president and chief executive officer of Norand Corporation, a portable computer systems manufacturer, from 1988 until its acquisition by Western Atlas, Inc. in 1997. Mr. Hammer led Norand following its leveraged buy-out from Pioneer Hi-Bred International, Inc. and through its initial public offering in 1993. Prior to joining Norand, Mr. Hammer also served as chairman, president and chief executive officer of publicly-held Telequest Corporation from 1987 until 1988 and of privately-held Material Progress Corporation from 1982 until 1987. Prior to joining Material Progress Corporation, Mr. Hammer spent 15 years in various sales, marketing and management positions with Celanese Corporation, rising to the level of vice president and general manager of the structural composites materials business. Mr. Hammer obtained his bachelor s degree and master s degree in business administration from Columbia University.

Alan G. Bunte has served as our Executive Vice President and Chief Operating Officer since October 2003 and served as our senior vice president from December 1999 until October 2003. Since January 2008, Mr. Bunte has also served as a director of CommVault. Prior to joining our company, Mr. Bunte was with Norand Corporation from 1986 to January 1998, serving as its senior vice president of planning and business development from 1991 to January 1998. Mr. Bunte obtained his bachelor s and master s degrees in business administration from the University of Iowa.

Brian Carolan has served as our Vice President, Finance and Chief Financial Officer since October 2012. Prior to his current role, Mr. Carolan served as our Vice President, Finance and Chief Accounting Officer from July 2006 until September 2012. He also held the position of Controller from February 2001 until June 2006. Prior to joining our company, Mr. Carolan was with Ernst & Young LLP in its Technology, Communications and Entertainment audit practice from 1993 until January 2001. Mr. Carolan obtained his bachelor s degree in accounting from Villanova University, his master s degree in business administration from New York University and is a certified public accountant in the State of New Jersey.

Louis F. Miceli has served as our Senior Vice President, Finance since October 2012. Prior to his current role, Mr. Miceli served as our Senior Vice President, Finance and Chief Financial Officer from April 2011 to October 2012 and our Vice President and Chief Financial Officer from April 1997 to March 2011. Mr. Miceli has over 30 years of experience in various finance capacities for several high-technology companies. Prior to joining our company, Mr. Miceli served as chief financial officer of University Hospital, part of the University of Medicine and Dentistry of New Jersey (UMDNJ), from 1994 until 1997 and as the corporate controller of UMDNJ from 1992 until 1994. Prior to joining UMDNJ, Mr. Miceli served as the chief financial officer of Syntrex, Inc., a word processing software and hardware manufacturer, from 1985 until 1992, and as its controller from 1980 until 1985. Mr. Miceli began his career as a staff auditor at Ernst & Ernst LLP (currently Ernst & Young LLP), where he served five years. Mr. Miceli obtained his bachelor s degree, *cum laude*, in accounting from Seton Hall University and is a certified public accountant in the State of New Jersey.

Ron Miiller has served as our Senior Vice President of Worldwide Sales since April 2011. Prior to his current role, Mr. Miiller served as our Vice President of Sales, Americas from January 2005 to March 2011 and as our Central Region Sales Manager from March 2000 to December 2004. Prior to joining our company, Mr. Miiller served as Director, Central Region Sales for Softworks, Inc., an EMC company, from March 1997 through March 2000, and prior to that Mr. Miiller was with Moore Corporation, a diversified print and electronic communications company from 1989 through March 1997 in various leadership roles. Mr. Miiller received his bachelor of science degree in marketing from Ball State University in 1989.

David West has served as our Senior Vice President, Marketing and Business Development since April 2011. Prior to his current role, Mr. West served as Vice President, Marketing and Business Development from September 2005 to March 2011 and Vice President, Business Development from August 2000 to September 2005. Prior to joining our company, Mr. West served as a director of strategic alliances from April 1999 to July 2000 and vice president of storage solutions in July 2000 at Legato Systems, Inc., which was subsequently acquired by EMC Corporation. Prior to joining Legato Systems, Mr. West served as vice president of sales at

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Intelliguard Software, Inc., which was also subsequently acquired by EMC Corporation, from 1990 to April 1999. Mr. West obtained his bachelor s degree in electrical engineering from Villanova University.

Item 1A. ***Risk Factors***

You should consider each of the following factors as well as the other information in this Annual Report in evaluating our business and our prospects. 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 currently consider immaterial may also impair our business operations. If any of the following risks actually occurs, our business and financial results could be harmed. In that case, the trading price of our common stock could decline. You should also refer to the other information set forth in this Annual Report, including our financial statements and the related notes.

Risks Related to Our Business

Our industry is intensely competitive, and most of our competitors have greater financial, technical and sales and marketing resources and larger installed customer bases than we do, which could enable them to compete more effectively than we do.

The data and information management software market is intensely competitive, highly fragmented and characterized by rapidly changing technology and evolving standards, changing customer requirements and frequent new product introductions. Competitors vary in size and in the scope and breadth of the products and services offered. Our primary competitors include EMC, IBM and Symantec Corporation.

The principal competitive factors in our industry include product functionality, product integration, platform coverage, ability to scale, price, worldwide sales infrastructure, global technical support, name recognition and reputation. The ability of major system vendors to bundle hardware and software solutions is also a significant competitive factor in our industry. If we are unable to address these factors, our competitive position could weaken and we could experience a decline in revenues that could adversely affect our business.

Most of our current and potential competitors have longer operating histories and have substantially greater financial, technical, sales, marketing and other resources than we do, as well as larger installed customer bases, greater name recognition and broader product offerings, including hardware. These competitors can devote greater resources to the development, promotion, sale and support of their products than we can and have the ability to bundle their hardware and software products in a combined offering. As a result, these competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements.

It is also costly and time-consuming to change data and information management systems. Most of our new customers have installed data and information management software, which gives an incumbent competitor an advantage in retaining a customer because it already understands the network infrastructure, user demands and information technology needs of the customer, and also because some customers are reluctant to invest the time and money necessary to change vendors.

Our current and potential competitors may establish cooperative relationships among themselves or with third parties. If so, new competitors or alliances that include our competitors may emerge that could acquire significant market share. In addition, large operating system and application vendors, as well as some hardware manufacturers, have introduced products or functionality that includes some of the same functions offered by our software applications. In the future, further development by these vendors could cause our software applications and services to become redundant, which could seriously harm our sales, results of operations and financial condition.

New competitors entering our markets can have a negative impact on our competitive positioning. In addition, we expect to encounter new competitors as we enter new markets. Furthermore, many of our existing competitors are broadening their operating systems platform coverage. We also expect increased competition from original equipment manufacturers, including those we partner with, and from systems and network management companies, especially those that have historically focused on the mainframe computer market and have been making acquisitions and broadening their efforts to include data and information management and storage products. We expect that competition will increase as a result of future software industry consolidation. Increased competition could harm our business by causing, among other things, price reductions of our products, reduced profitability and loss of market share.

We rely on indirect sales channels, such as value-added resellers, systems integrators, corporate resellers, distributors and original equipment manufacturers, for the distribution of our software applications, and the failure of these channels to effectively sell our software applications could have a material adverse effect on our revenues and results of operations.

We rely significantly on our value-added resellers, systems integrators and corporate resellers, which we collectively refer to as resellers, for the marketing and distribution of our software applications and services. Resellers are our most significant distribution channel. However, our agreements with resellers are generally not exclusive, are generally renewable annually, typically do not contain minimum sales requirements and in many cases may be terminated by either party without cause. Many of our resellers carry software applications that are competitive with ours. These resellers may give a higher priority to other software applications, including those of our competitors, or may not continue to carry our software applications at all. If a number of resellers were to discontinue or reduce the sales of our products, or were to promote our competitors products in lieu of our own, it would have a material adverse effect on our future revenues. Events or occurrences of this nature could seriously harm our sales and results of operations. If we fail to manage our resellers successfully, there may be conflicts between resellers, or they could fail to perform as we anticipate, which could reduce our sales. In addition, we expect that a portion of our sales growth will depend upon our ability to identify and attract new reseller partners. Our competitors also use reseller arrangements and may be more successful in attracting reseller partners and could enter into exclusive relationships with resellers that make it difficult to expand our reseller network. Any failure on our part to maintain and/or expand our network of resellers could impair our ability to grow revenues in the future.

Some of our resellers possess significant resources and advanced technical abilities. These resellers, particularly our corporate resellers, may, either independently or jointly with our competitors, develop and market products and related services that compete with our offerings. If this were to occur, these resellers might discontinue marketing and distributing our software applications and services. In addition, these resellers would have an advantage over us when marketing their competing products and related services because of their existing customer relationships. The occurrence of any of these events could have a material adverse effect on our revenues and results of operations.

In addition, we have distribution agreements covering our North American commercial markets and our U.S. Federal Government market with Arrow Enterprise Computing Solutions, Inc. (Arrow), a subsidiary of Arrow Electronics, Inc., and Avnet Technology Solutions (Avnet), a subsidiary of Avnet, Inc. Pursuant to these distribution agreements, these distributors primary role is to enable a more efficient and effective distribution channel for our products and services by managing our reseller partners and leveraging their own industry experience. Many of our North American resellers have been transitioned to either Arrow or Avnet. Sales through our distribution agreement with Arrow accounted for approximately 29% of our total revenues for fiscal 2013 and approximately 26% for fiscal 2012. Arrow accounted for a total of approximately 39% of our accounts receivable balance as of March 31, 2013 as a result of our reseller agreement. If we were to see an impairment of our receivable balance from Arrow, it could have a significant adverse effect on our results of operations. Avnet s total revenue contribution was not material for fiscal 2013 and 2012 and its accounts receivable balance was not material as of March 31, 2013. If Arrow or Avnet were to discontinue or reduce the sales of our products or if our agreement with Arrow or Avnet was terminated, and if we were unable to take back the management of

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our reseller channel or find another North American distributor to replace Arrow or Avnet, then it could have a material adverse effect on our future revenues.

Sales through Dell as a result of our reseller agreement as well as our original equipment manufacturer agreement, which is discussed below, accounted for approximately 20% of total revenues for fiscal 2013 and 22% of total revenues for fiscal 2012. Dell also accounted for a total of approximately 23% of our accounts receivable balance as of March 31, 2013. In recent fiscal quarters, we have begun to shift most of our small and medium business segment transactions to non-Dell distribution partners as Dell is now focused on this segment of the market with their own intellectual property. As a result, the majority of the revenue that is still transacted through Dell comes from add-on purchases from our existing install base and from new enterprise software transactions where our sales force is directly involved. We have also recently begun to take proactive steps to broaden our distribution related to enterprise software transactions. Over time, we believe it is likely that these actions will result in a decline in the percentage of our total revenues transacted through Dell. Due to the timing of enterprise software transactions that are currently in our sales and marketing pipeline, there will likely be some fluctuations in the amount of revenue transacted through Dell from quarter to quarter. If we are unable to find additional or existing partners to replace the revenues that were previously transacted through Dell, it could have a material adverse effect on our future revenues and results of operations. In addition, if we were to see an impairment of our receivable balance from Dell, it could have a significant adverse effect on our results of operations.

Our original equipment manufacturer agreements are primarily with Dell, Hitachi Data Systems and NetApp. Our original equipment manufacturers sell our software applications and in some cases incorporate our data and information management software into systems that they sell. A material portion of our revenues is generated through these arrangements. However, we have no control over the shipping dates or volumes of systems these original equipment manufacturers ship and they have no obligation to ship systems incorporating our software applications. They also have no obligation to recommend or offer our software applications exclusively or at all, and they have no minimum sales requirements and can terminate our relationship at any time. These original equipment manufacturers also could choose to develop their own data and information management software internally and incorporate those products into their systems instead of our software applications. The original equipment manufacturers that we do business with also compete with one another. If one of our original equipment manufacturer partners views our arrangement with another original equipment manufacturer as competing with its products, it may decide to stop doing business with us. Any material decrease in the volume of sales generated by original equipment manufacturers we do business with, as a result of these factors or otherwise, could have a material adverse effect on our revenues and results of operations in future periods. Sales through our original equipment manufacturer agreements accounted for approximately 15% of our total revenues for fiscal 2013 and 12% of our total revenues for fiscal 2012.

We may not be able to respond to rapid technological changes with new software applications and services offerings, which could have a material adverse effect on our sales and profitability.

The markets for our software applications are characterized by rapid technological changes, changing customer needs, frequent new product introductions and evolving industry standards. The introduction of software applications embodying new technologies and the emergence of new industry standards could make our existing and future software applications obsolete and unmarketable. As a result, we may not be able to accurately predict the lifecycle of our software applications, and they may become obsolete before we receive the amount of revenues that we anticipate from them. If any of the foregoing events were to occur, our ability to retain or increase market share in the data and information management software market could be materially adversely affected.

We devote significant resources to the development of new products and the enhancement of existing products. To be successful, we need to anticipate, develop and introduce new software applications and services on a timely and cost-effective basis that keep pace with technological developments and emerging industry standards and that address the increasingly sophisticated needs of our customers. We may fail to develop and market software applications and services that respond to technological changes or evolving industry standards, experience difficulties that could delay or prevent the successful development, introduction and marketing of these applications and services or fail to develop applications and services that adequately meet the requirements of the marketplace or achieve market acceptance. Our failure to develop and market such applications and services on a timely basis, or at all, could have a material adverse effect on our sales and profitability.

Volatility in the global economy could adversely impact our continued growth, results of operations and our ability to forecast future business.

As our business has expanded globally, we have become increasingly subject to the risks arising from adverse changes in domestic and global economic and political conditions. Uncertainty in the macroeconomic environment and associated global economic conditions have resulted in volatility in credit, equity, particularly with respect to the ongoing European sovereign debt crisis and potential ramifications of U.S. debt issues and budget concerns. These global economic conditions can result in slower economic activity, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns. There has also been increased volatility in foreign exchange markets. These factors make it difficult for our customers, our vendors and us to accurately forecast and plan future business activities. In addition, these factors could cause customers to slow or defer spending on our software and services products, which would delay and lengthen sales cycles and negatively affect our results of operations. If such conditions deteriorate or if the pace of economic recovery is slower or more uneven, our results of operations could be adversely affected, we may not be able to sustain the growth rates we have experienced recently, and we could fail to meet the expectations of stock analysts and investors, which could cause the price of our common stock to decline.

We continue to invest in our business in the Asia-Pacific and Europe, Middle East, and Africa regions. There are significant risks with overseas investments and growth prospects in these regions. Increased volatility or further declines in the European credit, equity and foreign currency markets could cause delays in or cancellations of European orders. Deterioration of economic conditions in the countries in which we do business could also cause slower or impaired collections on accounts receivable. In addition, we could experience delays in the payment obligations of our worldwide resellers if they experience weakness in the end-user market, which would increase our credit risk exposure and harm our financial condition.

In periods of volatile economic conditions, our exposure to credit risk and payment delinquencies on our accounts receivable significantly increases.

Our outstanding accounts receivables are generally not secured. In addition, our standard terms and conditions permit payment within a specified number of days following the receipt of our product. Due to the recent volatile economic conditions, certain of our customers and resellers have faced or may face liquidity concerns which could result in our customers or resellers not being able to satisfy their payment obligations to us, which would have a material adverse effect on our financial condition, operating results and cash flows. While we have procedures to monitor and limit exposure to credit risk on our receivables and have not suffered any material losses to date, there can be no assurance such procedures will continue to effectively limit our credit risk and avoid future losses.

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We may experience a decline in revenues or volatility in our quarterly operating results, which may adversely affect the market price of our common stock.

We cannot predict our future quarterly revenues or operating results with certainty because of many factors outside of our control. A significant revenue or profit decline, lowered forecasts or volatility in our operating results could cause the market price of our common stock to decline substantially. Factors that could affect our revenues and operating results include the following:

- the unpredictability of the timing and magnitude of orders for our software applications, particularly software transactions greater than $100,000 in recent fiscal years, a majority of our quarterly revenues were earned and recorded near the end of each quarter;
- the possibility that our customers may cancel, defer or limit purchases as a result of reduced information technology budgets;
- the possibility that our customers may defer purchases of our software applications in anticipation of new software applications or updates from us or our competitors;
- the ability of our original equipment manufacturers and resellers to meet their sales objectives;
- market acceptance of our new applications and enhancements;
- our ability to control expenses;
- changes in our pricing and distribution terms or those of our competitors; and
- the demands on our management, sales force and services infrastructure as a result of the introduction of new software applications or updates.

Our expense levels are relatively fixed and are based, in part, on our expectations of future revenues. If revenue levels fall below our expectations and we are profitable at the time, our net income would decrease because only a small portion of our expenses varies with our revenues. Therefore, any significant decline in revenues for any period could have an immediate adverse impact on our results of operations for that period. We believe that period-to-period comparisons of our results of operations should not be relied upon as an indication of future performance. In addition, our results of operations could be below expectations of public market analysts and investors in future periods, which would likely cause the market price of our common stock to decline.

We encounter long sales and implementation cycles, particularly for our larger customers, which could have an adverse effect on the size, timing and predictability of our revenues.

Potential or existing customers, particularly larger enterprise customers, generally commit significant resources to an evaluation of available software and require us to expend substantial time, effort and money educating them as to the value of our software and services. Sales of our core software products to these larger customers often require an extensive education and marketing effort.

We could expend significant funds and resources during a sales cycle and ultimately fail to win the customer. Our sales cycle for all of our products and services is subject to significant risks and delays over which we have little or no control, including:

our customers budgetary constraints;

the timing of our customers budget cycles and approval processes;

our customers willingness to replace their current software solutions;

our need to educate potential customers about the uses and benefits of our products and services; and

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the timing of the expiration of our customers current license agreements or outsourcing agreements for similar services.

If our sales cycles lengthen unexpectedly, they could adversely affect the timing of our revenues or increase costs, which may cause fluctuations in our quarterly revenues and results of operations. Finally, if we are unsuccessful in closing sales of our products after spending significant funds and management resources, our operating margins and results of operations could be adversely impacted, and the price of our common stock could decline.

We depend on growth in the data and information management software market, and lack of growth or contraction in this market could have a material adverse effect on our sales and financial condition.

Demand for data and information management software is linked to growth in the amount of data generated and stored, demand for data retention and management (whether as a result of regulatory requirements or otherwise) and demand for and adoption of new storage devices and networking technologies. Because our software applications are concentrated within the data and information management software market, if the demand for storage devices, storage software applications, storage capacity or storage networking devices declines, our sales, profitability and financial condition would be materially adversely affected. Segments of the computer and software industry have in the past experienced significant economic downturns. The occurrence of any of these factors in the data and information management software market could materially adversely affect our sales, profitability and financial condition.

Furthermore, the data and information management software market is dynamic and evolving. Our future financial performance will depend in large part on continued growth in the number of organizations adopting data and information management software for their computing environments. The market for data and information management software may not continue to grow at historic rates, or at all. If this market fails to grow or grows more slowly than we currently anticipate, our sales and profitability could be adversely affected.

Our software applications are complex and may contain undetected errors, which could adversely affect not only our software applications performance but also our reputation and the acceptance of our software applications in the market.

Software applications as complex as those we offer contain undetected errors or failures, especially when products are first introduced or new versions are released. Despite extensive testing by us and by our customers, we have in the past discovered errors in our software applications and will do so in the future. As a result of past discovered errors, we experienced delays and lost revenues while we corrected those software applications. In addition, customers in the past have brought to our attention bugs in our software created by the customers unique operating environments, which are often characterized by a wide variety of both standard and non-standard configurations that make pre-release testing very difficult and time consuming. Although we have been able to fix these software bugs in the past, we may not always be able to do so. Our software products may also be subject to intentional attacks by viruses that seek to take advantage of these bugs, errors or other weaknesses. Any of these events may result in the loss of, or delay in, market acceptance of our software applications and services, which would seriously harm our sales, results of operations and financial condition.

Furthermore, we believe that our reputation and name recognition are critical factors in our ability to compete and generate additional sales. Promotion and enhancement of our name will depend largely on our success in continuing to provide effective software applications and services. The occurrence of errors in our software applications or the detection of bugs by our customers may damage our reputation in the market and our relationships with our existing customers, and as a result, we may be unable to attract or retain customers.

In addition, because our software applications are used to manage data that is often critical to our customers, they may have a greater sensitivity to defects in our products than to defects in other, less critical, applications.

As a result, the licensing and support of our software applications involve the risk of product liability claims. Our license agreements with our customers typically contain provisions designed to limit our exposure to potential product liability claims. However, the limitation of liability provisions contained in our license agreements vary and may not be effective as a result of existing or future national, federal, state, or local laws or ordinances or unfavorable judicial decisions. Although we have not experienced any material product liability claims to date, the sale and support of our products entail the risk of such claims, which could be substantial in light of the use of our products in enterprise-wide environments. In addition, our insurance against product liability may not be adequate to cover all potential claims.

If our customers do not renew their annual maintenance and support agreements for our products or if they do not renew them on terms that are favorable to us, our business might suffer.

Most of our maintenance agreements are for a one year term. As the end of the annual period approaches, we pursue the renewal of the agreement with the customer. Historically, maintenance renewals have represented a significant portion of our total revenue. Because of this characteristic of our business, if our customers choose not to renew their maintenance and support agreements with us on beneficial terms, or at all, our business, operating results and financial condition could be harmed.

We develop software applications that interoperate with operating systems and hardware developed by others, and if the developers of those operating systems and hardware do not cooperate with us or we are unable to devote the necessary resources so that our applications interoperate with those systems, our software development efforts may be delayed or foreclosed and our business and results of operations may be adversely affected.

Our software applications operate primarily on the Windows, UNIX, Linux and Novell Netware operating systems and the hardware devices of numerous manufacturers. When new or updated versions of these operating systems and hardware devices are introduced, it is often necessary for us to develop updated versions of our software applications so that they interoperate properly with these systems and devices. We may not accomplish these development efforts quickly or cost-effectively, and it is not clear what the relative growth rates of these operating systems and hardware will be. These development efforts require the cooperation of the developers of the operating systems and hardware, substantial capital investment and the devotion of substantial employee resources. For some operating systems, we must obtain some proprietary application program interfaces from the owner in order to develop software applications that interoperate with the operating system. Operating system owners have no obligation to assist in these development efforts. If they do not provide us with assistance or the necessary proprietary application program interfaces on a timely basis, we may experience delays or be unable to expand our software applications into other areas.

We may not receive significant revenues from our current research and development efforts for several years, if at all.

Developing software is expensive, and the investment in product development may involve a long payback cycle. Our research and development expenses were $47.4 million, or 10% of our total revenues in fiscal 2013, $39.9 million, or 10% of our total revenues in fiscal 2012 and $37.0 million, or 12% of our total revenues in fiscal 2011. Our future plans include significant investments in software research and development and related product opportunities. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we may not recognize significant revenues from these investments for several years, if at all.

The loss of key personnel or the failure to attract and retain highly qualified personnel could have an adverse effect on our business.

Our future performance depends on the continued service of our key technical, sales, services and management personnel. We rely on our executive officers and senior management to execute our existing business operations and identify and pursue new growth opportunities. The loss of key employees could result in significant disruptions to our business, and the integration and training of replacement personnel could be time consuming, cause additional disruptions to our business and be unsuccessful. We do not carry key person life insurance covering any of our employees.

Our future success also depends on our continued ability to attract and retain highly qualified technical, sales, services and management personnel. Competition for such personnel is intense, and we may fail to retain our key technical, sales, services and management employees or attract or retain other highly qualified technical, sales, services and management personnel in the future.

Furthermore, in the past, we have experienced higher levels of turnover in our sales force compared to other employee groups in our company. Increases in the turnover rate of our sales force may affect our ability to generate license revenue growth. Although we have hired replacements in our sales force and are continuing to hire additional sales personnel to grow our business, we sometimes experience lower productivity from newly hired sales personnel for a period up to twelve months. In addition, we periodically make adjustments to our sales organization in response to a variety of internal and external factors, such as market opportunities, competitive threats, product introductions or enhancements and sales performance. Such adjustments could be temporarily disruptive and result in reduced productivity.

The volatility of our stock price may from time to time adversely affect our ability to attract or retain employees. If we are unable to hire or retain qualified employees across our organization, or conversely, if we fail to manage employee performance or reduce staffing levels when required by market conditions, our personnel costs would be excessive and our business and profitability could be adversely affected.

Our international sales and operations are subject to factors that could have an adverse effect on our results of operations.

We have significant sales and services operations outside the United States, and derive a substantial portion of our revenues from these operations. We also plan to continue to expand our international operations. We generated approximately 42% of our revenues from outside the United States in fiscal 2013 and 39% in fiscal 2012. Accordingly, international sales increased 31% in fiscal 2013 compared to fiscal 2012. Expansion of our international operations will require a significant amount of attention from our management and substantial financial resources and might require us to add qualified management in these markets.

In addition to facing risks similar to the risks faced by our domestic operations, our international operations are also subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many countries, including:

- difficulties in staffing and managing our international operations;
- foreign countries may impose additional withholding taxes or otherwise tax our foreign income, impose tariffs or adopt other restrictions on foreign trade or investment, including currency exchange controls;
- difficulties in coordinating the activities of our geographically dispersed and culturally diverse operations;
- general economic conditions in the countries in which we operate, including seasonal reductions in business activity in the summer months in Europe and in other periods in other countries, could have an adverse effect on our earnings from operations in those countries;
- imposition of, or unexpected adverse changes in, foreign laws or regulatory requirements may occur, including those pertaining to export restrictions, privacy and data protection, trade and employment restrictions and intellectual property protections;
- longer payment cycles for sales in foreign countries and difficulties in collecting accounts receivable;

- competition from local suppliers;
- greater risk of a failure of our employees to comply with both U.S. and foreign laws, including antitrust regulations, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010, and any trade regulations ensuring fair trade practices;
- costs and delays associated with developing software in multiple languages; and
- political unrest, war or acts of terrorism.

Our business in emerging markets requires us to respond to rapid changes in market conditions in those markets. Our overall success in international markets depends, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions. We may not continue to succeed in developing and implementing policies and strategies that will be effective in each location where we do business. Furthermore, the occurrence of any of the foregoing factors may have a material adverse effect on our business and results of operations.

We may experience fluctuations in foreign currency exchange rates that could adversely impact our results of operations.

Our international sales are generally denominated in foreign currencies, and this revenue could be materially affected by currency fluctuations. Our primary exposures are to fluctuations in exchange rates for the U.S. dollar versus the Euro and, to a lesser extent, the Australian dollar, British pound sterling, Canadian dollar, Chinese yuan, Indian rupee, Korean won and Singapore dollar. Changes in currency exchange rates could adversely affect our reported revenues and could require us to reduce our prices to remain competitive in foreign markets, which could also have a material adverse effect on our results of operations. An unfavorable change in the exchange rate of foreign currencies against the U.S. dollar would result in lower revenues when translated into U.S. dollars, although operating expenditures would be lower as well. Historically, the effect of changes in foreign currency exchange rates on our revenues and operating expenses has not been material, although it may be in the future.

In recent fiscal years, we have selectively hedged our exposure to changes in foreign currency exchange rates on the balance sheet. In the future, we may enter into additional foreign currency-based hedging contracts to reduce our exposure to significant fluctuations in currency exchange rates on the balance sheet, although there can be no assurances that we will do so. However, as our international operations grow, or if dramatic fluctuations in foreign currency exchange rates continue or increase or if our hedging strategies become ineffective, the effect of changes in the foreign currency exchange rates could become material to revenue, operating expenses, and income.

Our ability to sell our software applications is highly dependent on the quality of our services offerings, and our failure to offer high quality support and professional services would have a material adverse effect on our sales of software applications and results of operations.

Our services include the assessment and design of solutions to meet our customers storage management requirements and the efficient installation and deployment of our software applications based on specified business objectives. Further, once our software applications are deployed, our customers depend on us to resolve issues relating to our software applications. A high level of service is critical for the successful marketing and sale of our software. If we or our partners do not effectively install or deploy our applications, or succeed in helping our customers quickly resolve post-deployment issues, it would adversely affect our ability to sell software products to existing customers and could harm our reputation with prospective customers. As a result, our failure to maintain high quality support and professional services would have a material adverse effect on our sales of software applications and results of operations.

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A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks.

Sales to U.S. and foreign federal, state, and local governmental agency end-customers have accounted for a portion of our revenue, and we may in the future increase sales to government entities. However, government entities have recently announced reductions in, or experienced increased pressure to reduce spending. In particular, such measures have adversely affected European public sector transactions, and the recent U.S. debt issues and budget concerns may adversely impact future U.S. public sector transactions. Such budgetary constraints or shifts in spending priorities of government entities may adversely affect sales of our products and services to such entities. In addition, sales to government entities are subject to a number of risks. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that we will successfully sell our products to such governmental entity. Government entities may require contract terms that differ from our standard arrangements. Government contracts may require the maintenance of certain security clearances for facilities and employees which can entail administrative time and effort possibly resulting in additional costs and delays. In addition, government demand for our products may be more volatile as they are affected by public sector budgetary cycles, funding authorizations, and the potential for funding reductions or delays, making the time to close such transactions more difficult to predict. This risk is enhanced as the size of such sales to the government entities increases. If the use of our products expands to more sensitive, secure or mission critical uses by our government customers, we may be subject to increased scrutiny, potential reputational risk, or potential liability should our products fail to perform as expected or should we not comply with the terms of our government contracts or government contracting requirements.

Most of our sales to government entities have been made indirectly through providers that sell our products. Government entities may have contractual or other legal rights to terminate contracts with our providers for convenience or due to a default, and any such termination may adversely impact our future results of operations. Governments routinely audit and investigate government contractors, and we may be subject to such audits and investigations. If an audit or investigation uncovers improper or illegal activities, including any misuse of confidential or classified information by our employees, we may be subject to civil or criminal penalties and administrative sanctions.

If we are unable to manage our growth, there could be a material adverse effect on our business, the quality of our products and services and our ability to retain key personnel.

We have experienced periods of growth in recent years. Our revenues increased 22% for fiscal 2013 compared to fiscal 2012 and also increased 29% for fiscal 2012 compared to fiscal 2011. The number of our customers increased significantly during these periods. Our growth has placed increased demands on our management and other resources and will continue to do so in the future. We may not be able to maintain or accelerate our current growth rate, manage our expanding operations effectively or achieve planned growth on a timely or profitable basis. Managing our growth effectively will involve, among other things:

- continuing to retain, motivate and manage our existing employees and attract and integrate new employees;
- continuing to provide a high level of services to an increasing number of customers;
- maintaining the quality of product and services offerings while controlling our expenses;
- developing new sales channels that broaden the distribution of our software applications and services; and
- developing, implementing and improving our operational, financial, accounting and other internal systems and controls on a timely basis.

If we are unable to manage our growth effectively, there could be a material adverse effect on our ability to maintain or increase revenues and profitability, the quality of our data and information management software, the quality of our services offerings and our ability to retain key personnel. These factors could adversely affect our reputation in the market and our ability to generate future sales from new or existing customers.

We may be subject to information technology system failures, network disruptions and breaches in data security.

Information technology system failures, network disruptions and breaches of data security could disrupt our operations by causing delays or cancellation of customer orders, impeding the shipment of software products, negatively affecting our service offerings, preventing the processing of transactions and reporting of financial results. Information technology system failures, network disruptions and breaches of data security could also result in the unintentional disclosure of customer or our information as well as damage our reputation. While management has taken steps to address these concerns by implementing sophisticated network security, internal control measures and developed certain disaster recovery plans, there can be no assurance that a system failure, network disruption or data security breach will not have a material adverse effect on our financial condition and operating results.

Protection of our intellectual property is limited, and any misuse of our intellectual property by others could materially adversely affect our sales and results of operations.

Our success depends significantly upon proprietary technology in our software, documentation and other written materials. To protect our proprietary rights, we rely on a combination of:

- patents;
- copyright and trademark laws;
- trade secrets;
- confidentiality procedures; and
- contractual provisions.

These methods afford only limited protection. Despite this limited protection, any issued patent may not provide us with any competitive advantages or may be challenged by third parties, and the patents of others may seriously impede our ability to conduct our business. Further, our pending patent applications may not result in the issuance of patents, and any patents issued to us may not be timely or broad enough to protect our proprietary rights. We may also develop proprietary products or technologies that cannot be protected under patent law. We also seek to maintain certain intellectual property as trade secrets. The secrecy could be compromised by outside parties, or by our employees, which would cause us to lose the competitive advantage resulting from these trade secrets.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our software applications or to obtain and use information that we regard as proprietary. Policing unauthorized use of our software applications is difficult, and we expect software piracy to continue to be a persistent problem. In licensing our software applications, we typically rely on shrink wrap or click wrap licenses that are not signed by licensees. We may have difficulty enforcing these licenses in some jurisdictions. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Our attempts to protect our proprietary rights may not be adequate. Our competitors may independently develop similar technology, duplicate our software applications or design around patents issued to us or other intellectual property rights of ours. Litigation may be necessary in the future to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of resources and management attention. In addition, from time to time we are participants or members of various industry standard-setting organizations or other industry technical organizations. Our participation or membership in such organizations may, in some circumstances, require us to

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enter into royalty or licensing agreements with third parties regarding our intellectual property under terms established by those organizations, which we may not find favorable. In addition, many of our agreements with our customers and partners require us to indemnify them for certain intellectual property infringement claims against them, which would increase our costs as a result of defending such claims, and may require that we pay significant damages if there were an adverse ruling in any such claims. Furthermore, such customers and partners may discontinue the use of our products, services, and technologies, as a result of injunctions or otherwise, which could result in loss of revenues and adversely impact our business.

Claims that we misuse the intellectual property of others could subject us to significant liability and disrupt our business, which could have a material adverse effect on our results of operations and financial condition.

Due to the nature of our business, we may become subject to material claims of infringement by competitors and other third parties with respect to current or future software applications, trademarks or other proprietary rights. We expect that software developers will increasingly be subject to infringement claims as the number of software applications and competitors in our industry segment grows and the functionality of software applications in different industry segments overlaps. Any such claims, whether meritorious or not, could be time-consuming, result in costly litigation, cause shipment delays or require us to enter into royalty or licensing agreements with third parties, which may not be available on terms that we deem acceptable, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. If there is an adverse ruling against us in an infringement lawsuit, an injunction could be issued barring production or sale of any infringing product. It could also result in a damage award equal to a reasonable royalty or lost profits or, if there is a finding of willful infringement, treble damages. Any of these claims could disrupt our business and have a material adverse effect on our results of operations and financial condition.

In addition, we license and use software from third parties in our business. These third-party software licenses may not continue to be available to us on acceptable terms or at all, and may expose us to additional liability. This liability, or our inability to use any of this third-party software, could result in shipment delays or other disruptions in our business that could materially and adversely affect our operating results.

Our use of open source software could negatively affect our business and subjects us to possible litigation.

Some of the products or technologies acquired, licensed or developed by us may incorporate so-called open source software, and we may incorporate open source software into other products in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses, including, for example, the GNU General Public License, the GNU Lesser General Public License, the Common Public License, Apache-style licenses, Berkley Software Distribution or BSD-style licenses and other open source licenses. We monitor our use of open source software to avoid subjecting our products to conditions we do not intend, but these efforts may not be successful. Although we believe that we have complied with our obligations under the various applicable licenses for open source software that we use, there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, and therefore the potential impact of these terms on our business is somewhat unknown and may result in unanticipated obligations regarding our products and technologies. The use of such open source software may ultimately subject some of our products to unintended conditions, which may negatively affect our business, financial condition, operating results, cash flow and ability to commercialize our products or technologies.

Some of these open source licenses may subject us to certain conditions, including requirements that we offer our products that use the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and/or that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third-party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations. If our defenses were not successful, we could be enjoined from the distribution of our products that contained the open source software and required to make the source code for the open source software available to others, to grant third parties certain rights of further use of our software or to remove the open source software from our products, which could disrupt the distribution and sale of some of our products. In addition, if we combine our proprietary software with open source software in a certain manner, under some open source licenses we could be required to release the source code of our proprietary software. If an author or other third-party that distributes open source software were to obtain a judgment against us based on allegations that we had not complied with the terms of any such open source licenses, we could also be subject to liability for copyright infringement damages and breach of contract for our past distribution of such open source software.

Our effective tax rate is difficult to project, and changes in such tax rate or adverse results of tax examinations could adversely affect our operating results.

We are a United States-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Our results of operations would be adversely affected to the extent that our geographical mix of income becomes more weighted toward jurisdictions with higher tax rates and would be favorably affected to the extent the relative geographic mix shifts to lower tax jurisdictions. Any change in our mix of earnings is dependent upon many factors and is therefore difficult to predict.

The process of determining our anticipated tax liabilities involves many calculations and estimates that are inherently complex and make the ultimate tax obligation determination uncertain. As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate prior to the completion and filing of tax returns for such periods. These estimates involve complex issues, require extended periods of time to resolve, and require us to make judgments, such as anticipating the outcomes of audits with tax authorities and the positions that we will take on tax returns prior to our actually preparing the returns.

Furthermore, our overall effective income tax rate and tax expenses may be affected by various factors in our business, including changes in our legal structure, changes in the geographic mix of income and expenses, changes in tax laws and applicable accounting pronouncements and variations in the estimated and actual level of annual profits before income tax. For example, our effective tax rate has benefited from an existing U.S. research and development tax credit which extends through the end of the 2013 calendar year. If this tax credit is not renewed in the future, we would expect our effective tax rate to increase.

We also determine the need to record deferred tax liabilities and the recoverability of deferred tax assets. A valuation allowance is established to the extent recovery of deferred tax assets is not likely based on our estimation of future taxable income and other factors in each jurisdiction. As of March 31, 2013, we had net deferred tax assets of approximately $40.5 million, which were primarily related to federal and state research tax credit carryforwards, stock-based compensation and foreign net operating loss carryforwards. Consequently, our cash tax rate will be lower than our effective tax rate though fiscal 2014 and into fiscal 2015. However, we expect our cash taxes to continue to increase as our cash tax rate approaches our effective tax rate.

Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.

Our cash and cash equivalents are highly liquid investments with original maturities of three months or less at the time of purchase. We maintain the cash and cash equivalents with major financial institutions. Deposits with these banks exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits or similar limits in foreign jurisdictions. While we monitor daily the cash balances in the operating accounts and adjust the balances as appropriate, these balances could be impacted if one or more of the financial institutions with which we deposit fails or is subject to other adverse conditions in the financial or credit markets. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents; however, we can provide no assurance that access to our invested cash and cash equivalents will not be impacted by adverse conditions in the financial and credit markets.

We cannot predict our future capital needs and we may be unable to obtain additional financing, which could have a material adverse effect on our business, results of operations and financial condition.

We may need to raise additional funds in the future in order to acquire complementary businesses, technologies, products or services. Any required additional financing may not be available on terms acceptable to us, or at all. If we raise additional funds by issuing equity securities, you may experience significant dilution of your ownership interest, and the newly-issued securities may have rights senior to those of the holders of our common stock. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility, and would also require us to fund additional interest expense. If additional financing is not available when required or is not available on acceptable terms, we may be unable to successfully develop or enhance our software and services through acquisitions in order to take advantage of business opportunities or respond to competitive pressures, which could have a material adverse effect on our software and services offerings, revenues, results of operations and financial condition. We have no plans, nor are we currently considering any proposals or arrangements, written or otherwise, to acquire a business, technology, product or service.

We may become involved in litigation that may have a material adverse effect on our business.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management s attention and resources and cause us to incur significant expenses. Furthermore, because litigation is inherently unpredictable, there can be no assurance that the results of any of these actions will not have a material adverse effect on our business, results of operations or financial condition.

We are subject to the risks of owning real property.

During fiscal 2013, we closed on a purchase of land located in Tinton Falls, New Jersey for our future corporate campus headquarters to support the long-term growth of our business. We have limited experience in the ownership and management of real property. In addition, we are subject to the risks of owning real property including the possible need for structural improvements in order to comply with zoning and other legal or regulatory requirements. Furthermore, we are subject to adverse changes in the value of this property due to interest rate changes, changes in the market in which the property is located or other factors. Our estimate for the planned construction of the campus headquarters may increase due to factors outside of our control and could increase the amount of cash committed to this project. Also, if we decide to sell our real property in the future and are not able to recover all capitalized costs, it could have a material adverse effect on our financial condition and operating results.

We are currently planning and designing information systems enhancements and problems with the design or implementation of these enhancements could interfere with our business and operations.

We are currently in the process of significantly enhancing our information systems, including planning and designing a new enterprise resource planning system. The implementation of significant enhancements to information systems is frequently disruptive to the underlying business of an enterprise. Any disruptions relating to our systems enhancements, particularly any disruptions impacting our operations during the design or implementation periods, could adversely affect our ability to process customer orders, ship products, bill and track our customers, fulfill contractual obligations and otherwise run our business. If we are unable to successfully plan, design or implement these information systems enhancements, it could have a material adverse effect on our financial position, results of operations and cash flows.

Risks Relating to Ownership of Our Common Stock

The price of our common stock may be highly volatile and may decline regardless of our operating performance.

The market price of our common stock could be subject to significant fluctuations in response to:

- variations in our quarterly or annual operating results;
- changes in financial estimates, treatment of our tax assets or liabilities or investment recommendations by securities analysts following our business or our competitors;
- the public s response to our press releases, rumors, our other public announcements and our filings with the SEC;
- changes in accounting standards, policies, guidance or interpretations or principles;
- sales of common stock by our directors, officers and significant stockholders;
- announcements of technological innovations or enhanced or new products by us or our competitors;
- our failure to achieve operating results consistent with securities analysts projections;
- the operating and stock price performance of other companies that investors may deem comparable to us;
- broad market and industry factors; and
- other events or factors, including those resulting from war, incidents of terrorism or responses to such events.

The market prices of software companies have been extremely volatile. Stock prices of many software companies have often fluctuated in a manner unrelated or disproportionate to the operating performance of such companies. In the past, following periods of market volatility, stockholders have often instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of management from our business.

Future sales of our common stock, or the perception that such future sales may occur, may cause our stock price to decline and impair our ability to obtain capital through future stock offerings.

A substantial number of shares of our common stock are available for sale into the public market. The occurrence of such sales, or the perception that such sales could occur, could materially and adversely affect our stock price and could impair our ability to obtain capital through an offering of equity securities.

Certain provisions in our charter documents and agreements and Delaware law, as well as our stockholder rights plan, may inhibit potential acquisition bids for CommVault and prevent changes in our management.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in management that our stockholders might deem advantageous. Specific provisions in our certificate of incorporation include:

- our ability to issue preferred stock with terms that the Board of Directors may determine, without stockholder approval;

a classified board in which only a third of the total board members will be elected at each annual stockholder meeting;

advance notice requirements for stockholder proposals and nominations; and

limitations on convening stockholder meetings.

In addition to the provision described above, on November 13, 2008, our Board of Directors adopted a stockholders rights plan and declared a dividend distribution of one Right for each outstanding share of our common stock to shareholders of record on November 24, 2008. Each Right, when exercisable, entitles the registered holder to purchase from us one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share, at a purchase price of $80 per one one-thousandth of a share, subject to adjustment. The Rights may discourage a third-party from making an unsolicited proposal to acquire us, as exercise of the Rights would cause substantial dilution to such third-party attempting to acquire us.

As a result of the provisions in our certificate of incorporation and our stockholder rights plan, the price investors may be willing to pay in the future for shares of our common stock may be limited.

Also, we are subject to Section 203 of the Delaware General Corporation Law, which imposes certain restrictions on mergers and other business combinations between us and any holder of 15% or more of our common stock. Further, certain of our employment agreements and incentive plans provide for vesting of stock options and/or payments to be made to the employees thereunder if their employment is terminated in connection with a change of control, which could discourage, delay or prevent a merger or acquisition at a premium price.

We do not expect to pay any dividends in the foreseeable future.

We do not anticipate paying any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common stock.

Although we believe we currently have adequate internal control over financial reporting, we are required to assess our internal control over financial reporting on an annual basis, and any future adverse results from such assessment could result in a loss of investor confidence in our financial reports and have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (SOX 404), and the rules and regulations promulgated by the SEC to implement SOX 404, we are required to furnish a report in our Form 10-K regarding the effectiveness of our internal control over financial reporting. The report s assessment of our internal control over financial reporting as of the end of our fiscal year must include disclosure of any material weaknesses in our internal control over financial reporting identified by management. Management s assessment of internal control over financial reporting requires management to make subjective judgments and some of our judgments will be in areas that may be open to interpretation.

Although we currently believe our internal control over financial reporting is effective, the effectiveness of our internal controls in future periods is subject to the risk that our controls may become inadequate or may not operate effectively. In future years, if we fail to timely complete this assessment, or if our auditors cannot timely attest, there may be a loss of public confidence in our internal controls, the market price of our stock could decline and we could be subject to regulatory sanctions or investigations by the NASDAQ Stock Market, the Securities and Exchange Commission or other regulatory authorities, which would require additional financial and management resources. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to timely meet our regulatory reporting obligations.

During the past few years, our organizational structure has increased in complexity due to compliance with tax regulations and tax accounting requirements and other regulatory and compliance requirements, including compliance with anti-corruption and anti-bribery laws such as the U.S. Foreign Corrupt Practices Act (the FCPA) and the UK Bribery Act of 2010 (the UK Bribery Act). Further, we have expanded our presence in the Asia-Pacific region, where business practices can differ from those in other regions of the world and can create internal control risks. We provide business practices training to our employees worldwide. Overall, the combination of increased structural complexity and the ever-increasing regulatory complexity make it more critical for us to attract and retain qualified and technically competent employees.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Our principal administrative, sales, marketing, customer support and research and development facility is located at our headquarters in Oceanport, New Jersey. We currently occupy approximately 182,000 square feet of office space in the Oceanport facility under the terms of an operating lease expiring in July 2015. We believe that our current facility is adequate to meet our needs for at least the next 12 months. We believe that suitable additional facilities will be available as needed on commercially reasonable terms. In addition, we have offices in the United States in Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Kansas, Massachusetts, Minnesota, New York, North Carolina, Ohio, Oregon, Tennessee, Texas, Virginia and Washington; and outside the United States in Kanata, Ontario; Toronto, Ontario; Calgary, Alberta; Montreal, Quebec; Vancouver, British Columbia; Reading, United Kingdom; Oberhausen, Germany; Utrecht, Netherlands; Milan, Italy; Stockholm, Sweden; Paris, France; Madrid, Spain; Dubai, United Arab Emirates; Moscow, Russia; Johannesburg, South Africa; Riyadh, Saudi Arabia; Tel Aviv, Israel; Beijing, China; Shanghai, China; Guangzhou, China; Chengdu, China; Hong Kong; Sydney, Australia; Melbourne, Australia; Canberra, Australia; Auckland, New Zealand; Tokyo, Japan; Singapore; Mexico City, Mexico; Kuala Lumpar, Malaysia; Bangkok, Thailand; Sao Paulo, Brazil; Seoul, South Korea; Mumbai, India; New Delhi, India; Bangalore, India; and Hyderabad, India.

Item 3. ***Legal Proceedings***

From time to time, we are subject to claims in legal proceedings arising in the normal course of our business. We do not believe that we are currently party to any pending legal action that could reasonably be expected to have a material adverse effect on our business or operating results.

Item 4. ***Mine Safety Disclosures***

Not Applicable

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PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market for our Common Stock

Our common stock is listed and traded on The NASDAQ Global Market under the symbol CVLT. The following table sets forth, for the periods indicated, the high and the low closing sales prices of our common stock, as reported on The NASDAQ Global Market.

	Common Stock			
	2013		2012	
	High	Low	High	Low
First Quarter	$ 54.43	$ 43.70	$ 44.45	$ 36.47
Second Quarter	$ 59.31	$ 39.20	$ 47.06	$ 31.22
Third Quarter	$ 72.42	$ 53.41	$ 50.54	$ 34.66
Fourth Quarter	$ 84.20	$ 67.51	$ 54.71	$ 42.93

On April 29, 2013, the last reported sale price of our common stock as reported on The NASDAQ Global Market was $73.96 per share.

Stockholders

As of April 29, 2013, there were approximately 63 holders of our common stock. The number of record holders does not represent the actual number of beneficial owners of shares of our common stock because shares are frequently held in street name by securities dealers and others for the benefit of individual owners who have the right to vote their shares.

Dividend Policy

We have never paid cash dividends on our common stock, and we intend to retain our future earnings, if any, to fund the growth of our business. We therefore do not anticipate paying any cash dividends on our common stock in the foreseeable future. Our future decisions concerning the payment of dividends on our common stock will depend upon our results of operations, financial condition and capital expenditure plans, as well as any other factors that the Board of Directors, in its sole discretion, may consider relevant.

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Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on our common stock between March 31, 2008 and March 28, 2013, with the cumulative total return of (i) The NASDAQ Computer Index and (ii) The NASDAQ Composite Index, over the same period. This graph assumes the investment of $100,000 on March 31, 2008 in our common stock, The NASDAQ Composite Index and The NASDAQ Computer Index, and assumes the reinvestment of dividends, if any. The graph assumes the initial value of our common stock on March 31, 2008 was the closing sales price of $12.40 per share.

The comparisons shown in the graph below are based upon historical data. The stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the future performance of our common stock. Information used in the graph was obtained from NASDAQ, a source we believe to be reliable, but we are not responsible for any errors or omissions in such information.

The performance graph shall not be deemed filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of CommVault under the Securities Act or the Exchange Act.

	3/31/08	3/31/09	3/31/10	3/31/11	3/30/12	3/28/13
CommVault	100.0	88.5	172.2	321.6	400.3	661.1
NASDAQ Composite Index	100.0	67.1	105.2	122.0	135.6	143.4
NASDAQ Computer Index	100.0	70.0	116.9	139.4	166.3	154.8

Issuer Purchases of Equity Securities

There were no repurchases of our common stock during the three months ended March 31, 2013. As of March 31, 2013, we have repurchased $117.2 million of common stock (5.7 million shares) out of the $220.0 million in total that is authorized under our stock repurchase program. As a result, we may repurchase an additional $102.8 million of our common stock under the current program through March 31, 2014.

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Item 6. ***Selected Financial Data***

The following selected financial data should be read in conjunction with our financial statements and related notes, Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Annual Report on Form 10-K. The selected statements of operations and the selected balance sheet data are derived from our audited financial statements. The historical results presented below are not necessarily indicative of the results to be expected in any future period.

	Year Ended March 31,				
	2013	2012	2011	2010	2009
	(In thousands, except per share data)				
Statement of Operations Data:					
Revenues:					
Software	$ 251,508	$ 201,800	$ 149,798	$ 134,500	$ 121,685
Services	244,342	204,839	164,978	136,525	112,834
Total revenues	495,850	406,639	314,776	271,025	234,519
Cost of revenues:					
Software	2,863	2,747	2,369	3,017	2,469
Services	62,089	50,660	38,646	32,628	28,177
Total cost of revenues	64,952	53,407	41,015	35,645	30,646
Gross margin	430,898	353,232	273,761	235,380	203,873
Operating expenses:					
Sales and marketing	247,696	219,025	163,054	136,773	122,957
Research and development	47,356	39,936	36,954	33,421	30,669
General and administrative	50,119	40,619	34,207	29,823	26,159
Depreciation and amortization	4,832	4,353	3,775	3,514	3,582
Income from operations	80,895	49,299	35,771	31,849	20,506
Interest expense		(57)	(106)	(106)	(175)
Interest income	1,059	750	650	384	1,639
Income before income taxes	81,954	49,992	36,315	32,127	21,970
Income tax expense	28,745	18,052	15,311	13,722	9,642
Net income	$ 53,209	$ 31,940	$ 21,004	$ 18,405	$ 12,328
Net income per common share:					
Basic	$ 1.17	$ 0.72	$ 0.49	$ 0.44	$ 0.29
Diluted	$ 1.10	$ 0.68	$ 0.45	$ 0.41	$ 0.28
Weighted average shares used in computing per share amounts:					
Basic	45,463	44,089	43,283	42,133	41,983
Diluted	48,330	47,201	46,301	45,022	44,013

	As of March 31,				
	2013	2012	2011	2010	2009
	(In thousands)				
Balance Sheet Data:					

Cash and cash equivalents	$ 433,964	$ 297,088	$ 217,170	$ 169,518	$ 105,205
Short-term investments	1,948	3,146	1,150	5,043	
Working capital	343,094	222,301	179,380	143,185	84,590
Total assets	604,854	432,688	342,499	286,015	206,987
Total stockholders equity	354,017	229,984	188,130	158,300	111,289

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Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

You should read the following discussion and analysis along with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. The statements in this discussion regarding our expectations of our future performance, liquidity and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under Risk Factors and elsewhere in this Annual Report on Form 10-K. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Overview

We are a leading provider of data and information management software applications and related services in terms of product breadth and functionality and market penetration. We develop, market and sell a unified suite of data and information management software applications under the Simpana® brand. Simpana software is built from the ground up on a single platform and unified code base for integrated data and information management. The Simpana platform contains licensable modules that work together seamlessly, sharing a single code and common function set to deliver Backup and Recovery, Archive, Replication, Search and Analytic capabilities across physical, virtual and cloud environments. With a single platform approach, Simpana software is specifically designed to protect, manage and access data throughout its lifecycle in less time, at lower cost and with fewer resources than alternative solutions. Our product features and capabilities enable our customers to deploy solutions for data protection, business continuance, corporate compliance and centralized management and reporting. We also provide our customers with a broad range of professional services that are delivered by our worldwide support and field operations. As of March 31, 2013, we had licensed our software applications to approximately 18,200 registered customers.

History and Background

In early 2000, we launched CommVault Galaxy for backup and recovery, a storage industry award winner. In the years since, CommVault has forged numerous alliances with top software application and hardware vendors, such as Dell, HP, Hitachi Data Systems, Microsoft, Network Appliance, Fujitsu, Novell and Oracle, to enhance capabilities and to create a premiere suite of data and information management solutions. In 2002, we launched our single-platform technology that provides the foundation of our information management approach to storing, managing, and accessing data.

Our Simpana software suite is one product that contains the following licensable modules, all built on a single unified code base and platform to protect, manage and access data and information: Backup and Recovery, Archive, Replication, Search, and Analyze. In addition to Backup and Recovery, the subsequent release of our other software application modules has substantially increased our addressable market. Each application module can be used individually or in combination with other application modules from our single platform suite.

In January 2009, CommVault Simpana 8.0 (Simpana 8) was made available for public release. Simpana 8 included advances in recovery management, data reduction, virtual server protection and content organization. In addition, we believe that Simpana 8 met a broad spectrum of customer s discovery and recovery management requirements and eliminated the need for a myriad of point level products.

In August 2010, our CommVault Simpana 9.0 software suite (Simpana 9) was made available for public release. We believe that Simpana 9, which built on and significantly expanded Simpana 8, allows customers to deploy a modern data management solution to achieve gains in efficiency, cost optimization and scale. We believe that Simpana 9 solves real-world IT challenges with major technology advancements, including increased virtualization scalability and performance, integrated source and target data deduplication, automatic and transparent integration with hardware array-based snapshots, as well as new tools that ease migration to our next generation Simpana 9 platform.

In January 2012, we released enhancements to our existing Simpana 9 software suite. These enhancements included new capabilities that converges backup, archive and reporting processes; additional SnapProtect technology that delivers hardware snapshot integration; enhancements to virtual server protection; new innovations to protect data on laptops and desktops with embedded source deduplication for optimized efficiency; and new integration with Microsoft SharePoint.

In February 2013, our CommVault Simpana 10.0 software suite (Simpana 10) was made available for public release. We believe Simpana 10 extends our data protection and archiving leadership to deliver secure, self-service access from mobile devices, speed the adoption of cloud computing and extract value from Big Data. Simpana 10 includes major technology advancements such as Enhanced IntelliSnap snapshot management; Simpana OnePass with Exchange; tighter integration with Microsoft Hyper-V, VMware vSphere 5.1 and vCloud Director 5.1; workflow automation; fourth-generation parallel deduplication; and customizable web-based reporting, dashboards and cloud-based analytics. Our Simpana 10 architecture efficiently stores all protected data in a virtual repository, called ContentStore, and opens access to simplify the way end users search, analyze and repurpose data across an enterprise.

Our software licenses typically provide for a perpetual right to use our software and are sold on a capacity basis, on a per-copy basis or as site licenses. During the fiscal year ended March 31, 2013, approximately 69% of software license revenue was sold on a capacity basis. Capacity based software licenses provide our customers with unlimited licenses of specified software products based on a defined level of terabytes of data under management. As a result, when we sell our platform through a capacity license, many of the various Simpana functionalities are bundled into one capacity based price. We anticipate that capacity based licenses will continue to account for the majority of our software license revenue for the foreseeable future.

The industry in which we currently operate continues to go through accelerating changes as the result of compounding data growth and the introduction of new technologies. We are continuing to pursue an aggressive product development program in both data and information management solutions. Our data management solutions include not only traditional backup, but also new innovations in de-duplication, data movement, virtualization, snap-based backups and enterprise reporting. Our information management innovations are primarily in the areas of archiving, eDiscovery, records management, governance and compliance. We remain focused on both the data and information management trends in the marketplace and, in fact, a material portion of our existing research and development expenses are utilized toward the development of such new technologies discussed above. While we are confident in our ability to meet these changing industry demands with our Simpana suite and potential future releases, the development, release and timing of any features or functionality remain at our sole discretion and our solutions or other technologies may not be widely adopted.

The rapid growth of data, and the need to securely protect, manage and access this data is driving substantial opportunities for managed service providers (MSPs) to help organizations deploy and manage solutions that deliver data management capabilities. The result is reduced long-term management costs with increased offerings to customers, which we believe represents a long-term industry trend in the way that services are offered.

Given the nature of the industry in which we operate, our software applications are subject to obsolescence. As noted above, we continually develop and introduce updates to our existing software applications in order to keep pace with evolving industry technologies. In addition, we must address evolving industry standards, changing customer requirements and competitive software applications that may render our existing software applications obsolete. For each of our software applications, we provide full support for the current generally available release and one prior release. When we declare a product release obsolete, a customer notice is delivered twelve months prior to the effective date of obsolescence announcing continuation of full product support for the first six months. We provide an additional six months of extended assistance support in which we only provide existing workarounds or fixes that do not require additional development activity. We do not have existing plans to make any of our software products permanently obsolete.

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Sources of Revenues

We derive a significant portion of our total revenues from sales of licenses of our software applications. We do not customize our software for a specific end-user customer. We sell our software applications to end-user customers both directly through our sales force and indirectly through our global network of value-added reseller partners, systems integrators, corporate resellers and original equipment manufacturers. Our software revenue was 51% of our total revenues for fiscal 2013, 50% for fiscal 2012 and 48% for fiscal 2011.

In recent fiscal years, we have generated approximately two-thirds of our software revenue from our existing customer base and approximately one-third of our software revenue from new customers. In addition, our total software revenue in any particular period is, to a certain extent, dependent upon our ability to generate revenues from large customer software deals, which we refer to as enterprise software transactions. We expect the number of enterprise software transactions (transactions greater than $0.1 million) and resulting software revenue to increase throughout fiscal 2014, although the size and timing of any particular software transaction is more difficult to forecast. Such software transactions represented approximately 57% of our software revenue in fiscal 2013, approximately 52% of our software revenue in fiscal 2012 and approximately 48% of our software revenue in fiscal 2011.

Software revenue generated through indirect distribution channels was 89% of total software revenue in fiscal 2013, 84% in fiscal 2012 and 84% in fiscal 2011. Software revenue generated through direct distribution channels was 11% of total software revenue in fiscal 2013, 16% in fiscal 2012 and 16% in fiscal 2011. The dollar value of software revenue generated through indirect distribution channels increased approximately $53.2 million, or 31%, in fiscal 2013 compared to fiscal 2012. The dollar value of software revenue generated through direct distribution decreased $3.5 million, or 11%, in fiscal 2013 compared to fiscal 2012. The increase in the dollar value of software revenue growth generated through our indirect distribution channels compared to our direct sales force in fiscal 2013 is primarily the result of an increase in software revenue from our international operations, which is almost exclusively transacted through indirect distribution. The decrease in the dollar value of the software revenue generated through our direct sales channel is due to a lower value of direct enterprise transactions in the United States. Deals initiated by our direct sales force are sometimes transacted through indirect channels based on end-user customer requirements, which are not always in our control and can cause this overall percentage split to vary from fiscal year to fiscal year. As such, there may be fluctuations in the dollars and percentage of software revenue generated through our direct distribution channels from time to time. We believe that the growth of our software revenue, derived from both our indirect channel partners and direct sales force, are key attributes to our long-term growth strategy. We will continue to invest in both our channel relationships and direct sales force in the future, but we continue to expect more revenue to be generated through indirect distribution channels over the long term. The failure of our indirect distribution channels or our direct sales force to effectively sell our software applications could have a material adverse effect on our revenues and results of operations.

We have a worldwide reseller and an original equipment agreement with Dell. Our reseller agreement with Dell provides them the right to market, resell and distribute certain of our products to their customers. Our original equipment manufacturer agreement with Dell is discussed more fully below. Sales through our agreements with Dell accounted for 20% of our total revenues for fiscal 2013, 22% of our total revenues for fiscal 2012 and 23% of our total revenues in fiscal 2011. In recent fiscal quarters, we have begun to shift most of our small and medium business segment transactions to non-Dell distribution partners as Dell is now focused on this segment of the market with their own intellectual property. As a result, the majority of the revenue that is still transacted through Dell comes from add-on purchases from our existing install base and from new enterprise software transactions where our sales force is directly involved. We have also recently begun to take proactive steps to broaden our distribution related to enterprise software transactions. Over time, we believe it is likely that these actions will result in a decline in the percentage of our total revenues transacted through Dell. Due to the timing of enterprise software transactions that are currently in our sales and marketing pipeline, there will likely be some fluctuations in the amount of revenue transacted through Dell from quarter to quarter.

In May 2011, we entered into a global OEM agreement with NetApp under which NetApp will integrate elements of our Simpana software suite with NetApp SnapShot and replication technology, under the NetApp SnapProtect® brand. During the fiscal years ended March 31, 2013 and March 31, 2012, we did not recognize a material amount of revenue under our OEM agreement with NetApp.

Overall, we have original equipment manufacturer agreements primarily with Dell, Hitachi Data Systems and NetApp for them to market, sell and support our software applications and services on a stand-alone basis and/or incorporate our software applications into their own hardware products. Dell, Hitachi Data Systems and NetApp have no obligation to recommend or offer our software applications exclusively or at all, and they have no minimum sales requirements and can terminate our relationship at any time. A material portion of our software revenue is sometimes generated through our original equipment manufacturer agreements. Sales through our original equipment manufacturer agreements accounted for 15% of our total revenues for fiscal 2013, 12% of our total revenues for fiscal 2012 and 10% of our total revenues for fiscal 2011.

We also have non-exclusive distribution agreements covering our North American commercial markets and our U.S. Federal Government market with Arrow Enterprise Computing Solutions, Inc. (Arrow), a subsidiary of Arrow Electronics, Inc., and Avnet Technology Solutions (Avnet), a subsidiary of Avnet, Inc. Pursuant to these distribution agreements, these distributors primary role is to enable a more efficient and effective distribution channel for our products and services by managing our reseller partners and leveraging their own industry experience. We generated approximately 29% of our total revenues through Arrow in fiscal 2013, approximately 26% of our total revenues in fiscal 2012 and approximately 25% of our total revenues in fiscal 2011. Avnet s total revenue contribution was not material in fiscal 2013, 2012 or 2011. If Arrow or Avnet were to discontinue or reduce the sales of our products or if our agreement with Arrow or Avnet was terminated, and if we were unable to take back the management of our reseller channel or find another North American distributor to replace Arrow or Avnet, then it could have a material adverse effect on our future revenues.

We also derive a significant portion of our total revenues from services revenue. Our services revenue is made up of fees from the delivery of customer support and other professional services, which are typically sold in connection with the sale of our software applications. Customer support agreements provide technical support and unspecified software updates on a when-and-if-available basis for an annual fee based on licenses purchased and the level of service subscribed. Other professional services include consulting, assessment and design services, implementation and post-deployment services and training, all of which to date have predominantly been sold in connection with the sale of software applications. Our services revenue was 49% of our total revenues for fiscal 2013, 50% for fiscal 2012 and 52% for fiscal 2011.

The gross margin of our services revenue was 74.6% for fiscal 2013, 75.3% for fiscal 2012 and 76.6% for fiscal 2011. The decrease in the gross margin of our services revenue in the fiscal year ended March 31, 2013 compared to the fiscal year ended March 31, 2012 was primarily due to higher costs of services associated with the expansion of our worldwide customer support operations. Overall, our services revenue has lower gross margins than our software revenue. The gross margin of our software revenue was 98.9% for fiscal 2013, 98.6% for fiscal 2012 and 98.4% for fiscal 2011. An increase in the percentage of total revenues represented by services revenue may adversely affect our overall gross margins.

Description of Costs and Expenses

Our cost of revenues is as follows:

- *Cost of Software Revenue*, consists primarily of third-party royalties and other costs such as media, manuals, translation and distribution costs; and

- *Cost of Services Revenue*, consists primarily of salary and employee benefit costs in providing customer support and other professional services.

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Our operating expenses are as follows:

Sales and Marketing, consists primarily of salaries, commissions, employee benefits, stock-based compensation and other direct and indirect business expenses, including travel and related expenses, sales promotion expenses, public relations expenses and costs for marketing materials and other marketing events (such as trade shows and advertising);

Research and Development, which is primarily the expense of developing new software applications and modifying existing software applications, consists principally of salaries, stock-based compensation and benefits for research and development personnel and related expenses; contract labor expense and consulting fees as well as other expenses associated with the design, certification and testing of our software applications; and legal costs associated with the patent registration of such software applications;

General and Administrative, consists primarily of salaries, stock-based compensation and benefits for our executive, accounting, human resources, legal, information systems and other administrative personnel. Also included in this category are other general corporate expenses, such as outside legal and accounting services, compliance costs and insurance; and

Depreciation and Amortization, consists of depreciation expense primarily for computer equipment we use for information services and in our development and test labs.

We anticipate that each of the above categories of operating expenses will increase in dollar amounts, but will decline as a percentage of total revenues in the long-term.

Foreign Currency Exchange Rates   Impact on Results of Operations

Sales outside the United States were approximately 42% of our total revenue for fiscal 2013, 39% for fiscal 2012 and 39% for fiscal 2011. The income statements of our non-U.S. operations are translated into U.S. dollars at the average exchange rates for each applicable month in a period. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated transactions generally results in increased revenue, operating expenses and income from operations for our non-U.S. operations. Similarly, our revenue, operating expenses and net income will generally decrease for our non-U.S. operations if the U.S. dollar strengthens against foreign currencies.

Using the average foreign currency exchange rates from the corresponding fiscal 2012 period, our total revenues, cost of revenues and operating expenses from non-U.S. operations for fiscal 2013 would have been higher by approximately $5.1 million, $0.6 million and $3.2 million, respectively.

Using the average foreign currency exchange rates from the corresponding fiscal 2011 period, our total revenues, cost of revenues and operating expenses from non-U.S. operations for fiscal 2012 would have been lower by approximately $6.4 million, $1.0 million and $3.5 million, respectively.

In addition, we are exposed to risks of foreign currency fluctuation primarily from cash balances, accounts receivables and intercompany accounts denominated in foreign currencies and are subject to the resulting transaction gains and losses, which are recorded as a component of general and administrative expenses. We recognized net foreign currency transaction losses of $0.3 million, $0.2 million, and $0.6 million in fiscal 2013, 2012 and 2011, respectively.

Critical Accounting Policies

In presenting our consolidated financial statements in conformity with U.S. generally accepted accounting principles, we are required to make estimates and judgments that affect the amounts reported therein. Some of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. We base these estimates on historical experience and on various other assumptions that we believe to be reasonable and appropriate. Actual results may differ significantly from these estimates. The following is a description of our accounting policies that we believe require subjective and complex judgments, which could potentially have a material effect on our reported financial condition or results of operations.

Revenue Recognition

Our revenue recognition policy is based on complex rules that require us to make significant judgments and estimates. In applying our revenue recognition policy, we must determine which portions of our revenue are recognized currently (generally software revenue) and which portions must be deferred and recognized in future periods (generally services revenue). We analyze various factors including, but not limited to, the sales of undelivered services when sold on a stand-alone basis, our pricing policies, the credit-worthiness of our customers and resellers, accounts receivable aging data and contractual terms and conditions in helping us to make such judgments about revenue recognition. Changes in judgment on any of these factors could materially impact the timing and amount of revenue recognized in a given period.

Currently, we derive revenues from two primary sources: software licenses and services. Services include customer support, consulting, assessment and design services, installation services and training. A typical sales arrangement includes both of these sources.

For sales arrangements involving multiple elements, we recognize revenue using the residual method. Under the residual method, we allocate and defer revenue for the undelivered elements based on fair value and recognize the difference between the total arrangement fee and the amount deferred for the undelivered elements as revenue. The determination of fair value of the undelivered elements in multiple-element arrangements is based on the price charged when such elements are sold separately, which is commonly referred to as vendor-specific objective evidence (VSOE).

Our software licenses typically provide for a perpetual right to use our software and are sold on a per-copy basis, on a capacity basis or as site licenses. Software licenses sold on a capacity basis provide the customer with unlimited licenses of specified software products based on a defined level of terabytes of data under management. Site licenses give the customer the additional right to deploy the software on a limited basis during a specified term. We recognize software revenue through direct sales channels upon receipt of a purchase order or other persuasive evidence and when the other three basic revenue recognition criteria are met as described in the revenue recognition section in Note 2 of our *Notes to Consolidated Financial Statements.* We recognize software revenue through all indirect sales channels on a sell-through model. A sell-through model requires that we recognize revenue when the basic revenue recognition criteria are met and these channels complete the sale of our software products to the end-user. Revenue from software licenses sold through an original equipment manufacturer partner is recognized upon the receipt of a royalty report or purchase order from that original equipment manufacturer partner.

Services revenue includes revenue from customer support and other professional services. Customer support includes software updates on a when-and-if-available basis, telephone support, integrated web-based support and bug fixes or patches. Customer support revenue is recognized ratably over the term of the customer support agreement, which is typically one year. To determine the price for the customer support element when sold separately, we primarily use historical renewal rates. Historical renewal rates are supported by a rolling 12-month VSOE analysis in which we segregate our customer support renewal contracts into different classes based on specific criteria including, but not limited to, dollar amount of software purchased, level of customer support being provided and distribution channel. The purpose of such an analysis is to determine if the customer support element that is deferred at the time of a software sale is consistent with how it is sold on a stand-alone renewal basis.

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Our other professional services include consulting; implementation and post deployment services; and education services. Other professional services provided by us are not mandatory and can also be performed by the customer or a third-party. In addition to a signed purchase order, our consulting, assessment and design services and installation services are, in some cases, evidenced by a Statement of Work, which defines the specific scope of the services to be performed when sold and performed on a stand-alone basis or included in multiple-element sales arrangements. Revenues from consulting, assessment and design services and installation services are based upon a daily, weekly or monthly rate and are recognized when the services are completed. Training includes courses taught by our instructors or third-party contractors either at one of our facilities or at the customer s site. Training fees are recognized as revenue after the training course has been provided. Based on our analysis of such other professional services transactions sold on a stand-alone basis, we have concluded we have established VSOE for such other professional services when sold in connection with a multiple-element sales arrangement.

In summary, we have analyzed all of the undelivered elements included in our multiple-element sales arrangements and determined that we have VSOE of fair value to allocate revenues to services. Our analysis of the undelivered elements has provided us with results that are consistent with the estimates and assumptions used to determine the timing and amount of revenue recognized in our multiple-element sales arrangements. Accordingly, assuming all basic revenue recognition criteria are met, software revenue is recognized upon delivery of the software license using the residual method. We are not likely to materially change our pricing and discounting practices in the future.

Our sales arrangements generally do not include acceptance clauses. However, if an arrangement does include an acceptance clause, we defer the revenue for such an arrangement and recognize it upon acceptance. Acceptance occurs upon the earliest of receipt of a written customer acceptance, waiver of customer acceptance or expiration of the acceptance period.

Stock-Based Compensation

As of March 31, 2013, we maintain two stock incentive plans, which are described more fully in Note 7 of our *Notes to Consolidated Financial Statements*. We account for our stock incentive plans based on the grant date fair value recognition provisions in accordance with ASC 718. We estimated the fair value of stock options granted using the Black-Scholes formula. The fair value of restricted stock units awarded is determined based on the number of shares granted and the closing price of our common stock on the date of grant. Compensation for all share-based payment awards is recognized on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. Forfeitures are estimated based on a historical analysis of our actual stock award forfeitures. We anticipate that future grants under our stock incentive plans will include both non-qualified stock options and restricted stock units.

The average expected life for fiscal 2012 was determined according to the simplified method, which is the mid-point between the vesting date and the end of the contractual term. During fiscal 2013, we began incorporating our historical data into the expected term calculation for stock options granted. We are now able to demonstrate significant stock option exercise activity for options granted subsequent to our initial public offering to provide a reasonable basis for incorporating historical data into our expected term of future stock option grants. As a result, for twelve months ended March 31, 2013, our calculation of expected term includes a combination of actual exercise data and an assumption on when the remaining outstanding options with similar characteristics will be exercised based on our historical data. In determining expected life, we separate employees into groups that have historically exhibited similar behavior with regard to option exercises.

Expected volatility through September 30, 2012 was calculated based on a blended approach that included the historical volatility of a peer group, the implied volatility of the our traded options with a remaining maturity greater than six months and the historical realized volatility of our common stock. Effective October 1, 2012, we excluded the historical volatility of a peer group in our expected volatility calculation due to the fact that our

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common stock has been publicly traded for a period that approximates our weighted average expected term. As a result, expected volatility subsequent to October 1, 2012 was calculated based on a blended approach that included the implied volatility of our traded options with a remaining maturity greater than six months and the historical realized volatility of our common stock.

The risk-free interest rate is determined by reference to U.S. Treasury yield curve rates with a remaining term that is approximately the expected life assumed at the date of grant. Forfeitures are estimated based on our historical analysis of actual stock option forfeitures.

The assumptions used in the Black-Scholes option-pricing model in the fiscal years ended March 31, 2013 and 2012 are as follows:

	Year Ended March 31,	
	2013	**2012**
Dividend yield	None	None
Expected volatility	45% - 50%	42% - 47%
Weighted average expected volatility	47%	45%
Risk-free interest rates	0.60% - 1.40%	1.06% - 2.56%
Weighted average expected life (in years)	6.2	6.2

The weighted average fair value of stock options granted was $27.28 per option during the year ended March 31, 2013 and $18.77 per option during the year ended March 31, 2012. In addition, the weighted average fair value of restricted stock units awarded was $57.01 per share during the year ended March 31, 2013 and $42.07 per share during the year ended March 31, 2012.

As of March 31, 2013, there was approximately $93.3 million of unrecognized stock-based compensation expense, net of estimated forfeitures, related to non-vested stock option and restricted stock unit awards that is expected to be recognized over a weighted average period of 2.70 years. The intrinsic value of the options outstanding as of March 31, 2013 was $345.6 million, of which $251.7 million related to vested options and $93.9 million related to unvested options. We anticipate that future grants under our stock incentive plans will include both non-qualified stock options and restricted stock units.

Accounting for Income Taxes

As part of the process of preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure, including assessing the risks associated with tax audits, and assessing temporary differences resulting from different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. As of March 31, 2013, we had net deferred tax assets of approximately $40.5 million, which were primarily related to federal and state research tax credit carryforwards, stock-based compensation and foreign net operating loss carryforwards. We assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent that we believe recovery is not likely, we establish a valuation allowance. As of March 31, 2013, we maintain a valuation allowance against our deferred tax assets totaling $1.4 million. Substantially all of the valuation allowance we have recorded at March 31, 2013 is against New Jersey state research tax credits due to uncertainties related to the ability to utilize such state research tax credits before they expire. We based our valuation allowance on our estimates of taxable income by legal entity and the period over which our state research tax credits will be recoverable.

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At March 31, 2013, we have state net operating loss (NOL) carryforwards of approximately $2.1 million and also have NOL carryforwards for foreign tax purposes of approximately $6.0 million.

At March 31, 2013, we have federal and state research tax credit (R&D) carryforwards of approximately $8.3 million and $4.8 million, respectively. The federal research tax credit carryforwards expire from 2022 through 2033, and the state research tax credit carryforwards expire from 2014 through 2028. At March 31, 2013, we have federal Alternative Minimum Tax credit carryforwards of $1.6 million.

As of March 31, 2013, we had unrecognized tax benefits of $4.6 million, all of which, if recognized, would favorably affect the effective tax rate. In addition, we have accrued interest and penalties of $0.8 million related to the unrecognized tax benefits. Interest and penalties, if any, related to unrecognized tax benefits are recorded in income tax expense. Components of the reserve are classified as either current or long-term in the Consolidated Balance Sheet based on when we expect each of the items to be settled. Accordingly, our unrecognized tax benefits of $4.6 million and the related accrued interest and penalties of $0.8 million are included in Other Liabilities on the Consolidated Balance Sheet. We believe that it is reasonably possible that approximately $0.1 million of our currently remaining unrecognized tax benefits and approximately less than $0.1 million of related accrued interest and penalties may be realized by the end of fiscal 2014 as a result of the lapse of the statute of limitations.

We conduct business globally and as a result, file income tax returns in the United States and in various state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as the United States, Australia, Canada, Germany, Netherlands and United Kingdom. Our U.S. Federal income tax return for the fiscal year ended March 31, 2011 is currently under audit by the U.S. Internal Revenue Service. In addition, our German subsidiary s income tax returns for the fiscal years ended March 31, 2006 through March 31, 2010 are currently under audit by the German tax authorities. The following table summarizes the tax years in the major tax jurisdictions that remain subject to income tax examinations by tax authorities as of March 31, 2013. The years subject to income tax examination in our foreign jurisdictions cover the maximum time period with respect to these jurisdictions. Due to NOL carryforwards, in some cases the tax years continue to remain subject to examination with respect to such NOLs.

Tax Jurisdiction	**Years Subject to Income Tax Examination**
U.S. Federal	2002 - Present
New Jersey	2002 - Present
Foreign jurisdictions	2006 - Present

Software Development Costs

Research and development expenditures are charged to operations as incurred. Based on our software development process, technological feasibility is established upon completion of a working model, which also requires certification and extensive testing. Costs incurred by us between completion of the working model and the point at which the product is ready for general release are immaterial.

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Results of Operations

The following table sets forth each of our sources of revenues and costs of revenues for the specified periods as a percentage of our total revenues for those periods (due to rounding numbers in column may not sum to totals):

	Year Ended March 31,		
	2013	2012	2011
Revenues:			
Software	51%	50%	48%
Services	49%	50%	52%
Total revenues	100%	100%	100%
Cost of revenues:			
Software	1%	1%	1%
Services	13%	12%	12%
Total cost of revenues	13%	13%	13%
Gross margin	87%	87%	87%

Fiscal year ended March 31, 2013 compared to fiscal year ended March 31, 2012

Revenues

Total revenues increased $89.2 million, or 22%, from $406.6 million in fiscal 2012 to $495.9 million in fiscal 2013.

Software Revenue. Software revenue increased $49.7 million, or 25%, from $201.8 million in fiscal 2012 to $251.5 million in fiscal 2013. Software revenue represented 51% of our total revenues in fiscal 2013 compared to 50% in fiscal 2012.

The overall increase in software revenue was primarily driven by higher enterprise software transactions (transactions greater than $0.1 million), which increased by $37.0 million, or 35% in fiscal 2013 compared to fiscal 2012. As a result, enterprise software transactions represented approximately 57% of our software revenue in fiscal 2013 and approximately 52% of our software revenue in fiscal 2012. The increase in enterprise software transactions is due to both a 23% increase in the number of transactions of this type and a 10% increase in the average dollar amount of such transactions. The average dollar amount of enterprise transactions was approximately $266,000 in fiscal 2013 and approximately $241,000 in fiscal 2012. Software revenue derived from transactions less than $0.1 million increased $12.7 million, or 13%, in fiscal 2013 compared to fiscal 2012.

Software revenue derived from our international operations in fiscal 2013 increased 40% compared to fiscal 2012. The growth in software revenue in our international locations is primarily due to increases in Canada, Europe and Australia as we expand our international operations. Software revenue derived from the United States in fiscal 2013 increased 14% compared to fiscal 2012.

Software revenue derived from our indirect distribution channel (resellers and original equipment manufacturers) increased $53.2 million, or 31% in fiscal 2013 compared to fiscal 2012, and software revenue through our direct sales force decreased $3.5 million, or 11% in fiscal 2013 compared to fiscal 2012. The increase in the dollar value of the software revenue through our indirect distribution channel is primarily due to the increase in software revenue generated in foreign locations, which is substantially sold through our channel partners. The decrease in the dollar value of the software revenue generated through our direct sales channel is due to a lower value of direct enterprise transactions in the United States. Software revenue that is derived from both our indirect channel partners and direct sales force are key attributes to our long-term growth strategy. We will continue to invest in both our channel relationships and direct sales force in the future, but we continue to expect more revenue to be generated through indirect distribution channels over the long term as more fully discussed above in the *Sources of Revenue* section.

Services Revenue. Services revenue increased $39.5 million, or 19%, from $204.8 million in fiscal 2012 to $244.3 million in fiscal 2013. Services revenue represented 49% of our total revenues in fiscal 2013 compared to 50% in fiscal 2012. The increase in services revenue is primarily due to a $34.1 million increase in revenue from customer support agreements as a result of software sales to new customers and renewal agreements with our installed software base.

Cost of Revenues

Total cost of revenues increased $11.5 million, or 22%, from $53.4 million in fiscal 2012 to $65.0 million in fiscal 2013. Total cost of revenues represented 13% of our total revenues in both fiscal 2013 and fiscal 2012.

Cost of Software Revenue. Cost of software revenue increased approximately $0.1 million, or 4%, from $2.7 million in fiscal 2012 to $2.9 million in fiscal 2013. Cost of software revenue represented 1% of our total software revenue in both fiscal 2013 and fiscal 2012. The increase in cost of software revenue is primarily due to higher third party royalty costs associated with our Simpana software suite in fiscal 2013 compared to fiscal 2012.

Cost of Services Revenue. Cost of services revenue increased $11.4 million, or 23%, from $50.7 million in fiscal 2012 to $62.1 million in fiscal 2013. Cost of services revenue represented 25% of our services revenue in both fiscal 2013 and fiscal 2012. The increase in the dollar amount of cost of services revenue is primarily the result of higher employee compensation and travel expenses totaling approximately $6.1 million as well as a $2.8 million increase in third-party outsourcing costs to facilitate our delivery of services.

Operating Expenses

Sales and Marketing. Sales and marketing expenses increased $28.7 million, or 13%, from $219.0 million in fiscal 2012 to $247.7 million in fiscal 2013. The increase is primarily due to a $15.7 million increase in employee compensation and related expenses attributable to the expansion of our sales force from the prior year. The increase in sales and marketing expenses also includes a $4.6 million increase in advertising and marketing related expense as we continue to build brand awareness for our Simpana products and a $3.7 million increase in stock-based compensation expenses. Sales and marketing expenses as a percentage of total revenues decreased to 50% in fiscal 2013 compared to 54% in fiscal 2012, primarily due to cost containment in our field operations, as well as our sales segmentation strategy that we implemented at the beginning of fiscal 2013, which aligned our sales and marketing team as we penetrate the enterprize segment.

Research and Development. Research and development expenses increased $7.4 million, or 19%, from $39.9 million in fiscal 2012 to $47.4 million in fiscal 2013. The increase is primarily due to higher salary and related expenses resulting from the expansion of our engineering group and higher fiscal 2013 bonus expense totaling approximately $4.8 million. The increase in research and development also includes a $0.7 million increase in stock-based compensation expenses and a $0.7 million increase in legal fees. Research and development expenses as a percentage of total revenues remained flat at 10% in both fiscal 2013 and fiscal 2012. Investing in research and development has been a priority for CommVault, and we anticipate continued spending related to the development of our data and information management software applications.

General and Administrative. General and administrative expenses increased $9.5 million, or 23%, from $40.6 million in fiscal 2012 to $50.1 million in fiscal 2013. This increase is primarily due to a $3.9 million increase in stock-based compensation expenses, a $2.9 million increase in employee and related compensation due to higher headcount and higher fiscal 2013 bonus expense and a $1.2 million increase in settlement reserves.

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General and administrative expenses in fiscal 2013 includes $0.3 million of net foreign currency transaction losses compared to $0.2 million of net foreign currency transaction losses recognized in general and administrative expenses in fiscal 2012. General and administrative expenses as a percentage of total revenues remained flat at 10% in both fiscal 2013 and fiscal 2012.

Depreciation and Amortization. Depreciation expense increased $0.5 million, from $4.4 million in fiscal 2012 to $4.8 million in fiscal 2013. This reflects higher depreciation associated with increased capital expenditures primarily over the past 12 months as we continue to expand our worldwide operations.

Interest Income

Interest income increased $0.3 million, from $0.8 million in fiscal 2012 to $1.1 million in fiscal 2013. The increase in interest income is primarily due to higher balances in our cash and related investment accounts.

Income Tax Expense

Income tax expense was $28.7 million in fiscal 2013 compared to $18.1 million in fiscal 2012. The effective tax rate in fiscal 2013 was 35% as compared to 36% in fiscal 2012. In fiscal 2013, the effective rate was benefited by the reenactment of the research and development credit which had previously expired on December 31, 2011 and includes an additional benefit related to periods prior to March 31, 2012 as tax law is accounted for in the period of enactment. In addition, the effective rate was benefited by foreign tax credits, offset by state income taxes and permanent differences in both the United States and foreign jurisdictions. In fiscal 2012, the effective rate was higher than the expected federal statutory rate of 35% primarily due to state income taxes and permanent differences in both the United States and foreign jurisdictions, partially offset by income tax benefits from recording research and foreign tax credits; domestic production activities deductions; and reversing $1.6 million of our valuation allowance against New Jersey state research tax credits due to the passage of state laws.

Fiscal year ended March 31, 2012 compared to fiscal year ended March 31, 2011

Revenues

Total revenues increased $91.9 million, or 29%, from $314.8 million in fiscal 2011 to $406.6 million in fiscal 2012.

Software Revenue. Software revenue increased $52.0 million, or 35%, from $149.8 million in fiscal 2011 to $201.8 million in fiscal 2012. Software revenue represented 50% of our total revenues in fiscal 2012 compared to 48% in fiscal 2011.

The overall increase in software revenue was primarily driven by higher enterprise software transactions (transactions greater than $0.1 million), which increased by $33.1 million in fiscal 2012 compared to fiscal 2011. As a result, enterprise software transactions represented approximately 52% of our software revenue in fiscal 2012 and approximately 48% of our software revenue in fiscal 2011. The increase in enterprise software transactions is due to both a 37% increase in the number of transactions of this type and a 7% increase in the average dollar amount of such transactions. The average dollar amount of enterprise transactions was approximately $241,000 in fiscal 2012 and approximately $226,000 in fiscal 2011. Software revenue derived from transactions less than $0.1 million increased $18.9 million, or 24%, in fiscal 2012 compared to fiscal 2011.

Software revenue derived from the United States in fiscal 2012 increased 40% compared to fiscal 2011 and software revenue derived from our international operations in fiscal 2012 increased 28% compared to fiscal 2011. The growth in software revenue in our international locations is primarily due to increases in Europe, Australia and Canada as we expand our international operations.

Software revenue derived from our indirect distribution channel (resellers and original equipment manufacturers) increased $44.0 million in fiscal 2012 compared to fiscal 2011, and software revenue through our direct sales force increased $8.0 million in fiscal 2012 compared to fiscal 2011. The increase in the dollar value of the software revenue through our indirect distribution channel is primarily due to the increase in software revenue generated in foreign locations, which is substantially sold through our channel partners. The increase in the dollar value of the software revenue through our direct sales channel is primarily due certain of our enterprise software transactions in the United States in the first quarter and fourth quarter of fiscal 2012 being sold through our direct sales channel. Software revenue that is derived from both our indirect channel partners and direct sales force are key attributes to our long-term growth strategy. We will continue to invest in both our channel relationships and direct sales force in the future, but we continue to expect more revenue to be generated through indirect distribution channels over the long term as more fully discussed above in the *Sources of Revenue* section.

Services Revenue. Services revenue increased $39.9 million, or 24%, from $165.0 million in fiscal 2011 to $204.8 million in fiscal 2012. Services revenue represented 50% of our total revenues in fiscal 2012 compared to 52% in fiscal 2011. The increase in services revenue is primarily due to a $31.8 million increase in revenue from customer support agreements as a result of software sales to new customers and renewal agreements with our installed software base.

Cost of Revenues

Total cost of revenues increased $12.4 million, or 30%, from $41.0 million in fiscal 2011 to $53.4 million in fiscal 2012. Total cost of revenues represented 13% of our total revenues in both fiscal 2012 and fiscal 2011.

Cost of Software Revenue. Cost of software revenue increased approximately $0.4 million, or 16%, from $2.4 million in fiscal 2011 to $2.7 million in fiscal 2012. Cost of software revenue represented 1% of our total software revenue in fiscal 2012 and 2% of our total software revenue in fiscal 2011. The increase in cost of software revenue is primarily due to higher third party royalty costs associated with our Simpana software suite in fiscal 2012 compared to fiscal 2011.

Cost of Services Revenue. Cost of services revenue increased $12.0 million, or 31%, from $38.6 million in fiscal 2011 to $50.7 million in fiscal 2012. Cost of services revenue represented 25% of our services revenue in fiscal 2012 compared to 23% in fiscal 2011. The increase in the cost of services as a percentage of total services revenue in fiscal 2012 compared to fiscal 2011 was primarily due to a higher percentage of our services revenue being derived from professional services engagements as well as higher costs of services associated with the expansion of our worldwide customer support operations. The increase in the dollar amount of cost of services revenue is primarily the result of higher employee compensation and travel expenses totaling approximately $5.6 million as well as a $3.6 million increase in third-party outsourcing costs to facilitate our delivery of services.

Operating Expenses

Sales and Marketing. Sales and marketing expenses increased $56.0 million, or 34%, from $163.1 million in fiscal 2011 to $219.0 million in fiscal 2012. The increase is primarily due to a $42.7 million increase in employee compensation and related expenses attributable to the expansion of our sales force from the prior year as well as higher commissions expense due to record revenues and higher headcount. The increase in sales and marketing expenses also includes $3.0 million in higher travel and related expenses due to the expansion of our sales force, a $2.8 million increase in stock-based compensation expenses and a $2.1 million increase in advertising and marketing related expenses as we continue to build brand awareness for our Simpana software products. Sales and marketing expenses as a percentage of total revenues increased to 54% in fiscal 2012 compared to 52% in fiscal 2011.

Research and Development. Research and development expenses increased $3.0 million, or 8%, from $37.0 million in fiscal 2011 to $39.9 million in fiscal 2012. The increase is primarily due to higher salary and related expenses resulting from the expansion of our engineering group and higher fiscal 2012 bonus expense totaling approximately $2.8 million. Research and development expenses as a percentage of total revenues decreased to 10% in fiscal 2012 from 12% in fiscal 2011. Investing in research and development has been a priority for CommVault, and we anticipate continued spending related to the development of our data and information management software applications.

General and Administrative. General and administrative expenses increased $6.4 million, or 19%, from $34.2 million in fiscal 2011 to $40.6 million in fiscal 2012. This increase is primarily due to a $3.7 million increase in employee and related compensation due to higher headcount and higher fiscal 2012 bonus expense as well as a $2.2 million increase in stock-based compensation expenses. These increases were partially offset by lower net foreign currency transaction losses of $0.4 million. General and administrative expenses in fiscal 2012 includes $0.2 million of net foreign currency transaction losses compared to $0.6 million of net foreign currency transaction losses recognized in general and administrative expenses in fiscal 2011. General and administrative expenses as a percentage of total revenues decreased to 10% in fiscal 2012 from 11% in fiscal 2011.

Depreciation and Amortization. Depreciation expense increased $0.6 million, from $3.8 million in fiscal 2011 to $4.4 million in fiscal 2012. This reflects higher depreciation associated with increased capital expenditures primarily over the past 12 months as we expand our worldwide operations.

Interest Income

Interest income increased $0.1 million, from $0.7 million in fiscal 2011 to $0.8 million in fiscal 2012. The increase in interest income is primarily due to higher balances in our cash and related investment accounts.

Income Tax Expense

Income tax expense was $18.1 million in fiscal 2012 compared to $15.3 million in fiscal 2011. The effective tax rate in fiscal 2012 was 36% as compared to 42% in fiscal 2011. In fiscal 2012, the effective rate is higher than the expected federal statutory rate of 35% primarily due to state income taxes and permanent differences in both the United States and foreign jurisdictions, partially offset by income tax benefits from recording research and foreign tax credits; domestic production activities deductions; and reversing $1.6 million of our valuation allowance against New Jersey state research tax credits due to the passage of state laws. In fiscal 2011, the effective rate is higher than the expected federal statutory rate of 35% primarily due to recording a valuation allowance against New Jersey research tax credits as well as the impact of state income taxes and permanent differences in both the United States and foreign jurisdictions. These items were partially offset by the reversal of certain tax reserves as a result of the expiration of a statute of limitations in a foreign jurisdiction as well as recording additional research tax credits.

Liquidity and Capital Resources

As of March 31, 2013, our cash and cash equivalents balance of $434.0 million primarily consisted of money market funds. In addition, we have approximately $1.9 million of short-term investments invested in certificates of deposit at March 31, 2013. In recent fiscal years, our principal sources of liquidity have been cash provided by operations.

As of March 31, 2013, the amount of cash and cash equivalents held outside of the United States by our foreign legal entities was approximately $87.6 million. These balances are dispersed across many international locations around the world. We believe that such dispersion meets the current and anticipated future liquidity needs of our foreign legal entities. In addition, it is our intention to indefinitely reinvest undistributed earnings of our foreign legal entities. In the event we needed to repatriate funds from outside of the United States, such

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repatriation would likely be subject to restrictions by local laws and/or tax consequences including foreign withholding taxes or U.S. income taxes. It is not currently practical to estimate the legal restrictions or tax liability that would arise from such repatriations.

As of March 31 2013, we are authorized to repurchase up to a total of $220.0 million of our common stock through March 31, 2014 under our stock repurchase program. Under our stock repurchase program, repurchased shares are constructively retired and returned to unissued status. Our stock repurchase program has been funded by our existing cash and cash equivalent balances as well as cash flows provided by our operations. There were no repurchases of our common stock during fiscal 2013. As of March 31, 2013, we have repurchased approximately $117.2 million, or 5.7 million shares, under our stock repurchase plan at an average purchase price of $20.43 per share. As a result, we may repurchase an additional $102.8 million of our common stock through March 31, 2014.

The primary business reason for our stock repurchase program is to reduce the dilutive impact on our common shares outstanding associated with stock option exercises and our previous public and private stock offerings. Under our stock repurchase program, we have bought back approximately 13% of the common stock that was outstanding at the time the stock repurchase program was announced. In addition, at the time we implemented our stock repurchase program in late fiscal 2008 we believed that our share price was undervalued and the best use for a portion of our cash balance was to repurchase some of our outstanding common stock. Our future stock repurchase activity is subject to the business judgment of our management and Board of Directors, taking into consideration our historical and projected results of operations, financial condition, cash flows and other anticipated capital requirements or investment alternatives.

On January 29, 2013, we closed on a purchase of land located in Tinton Falls, New Jersey for our future corporate campus headquarters to support the long-term growth of our business. We are in the process of completing the design and construction of the headquarters, which we expect to finalize over approximately the next 2 years. Our estimate of the build-out, including the land purchase, building and campus infrastructure, is approximately $125 million to $135 million. We expect to fund this capital expenditure from our existing cash and cash equivalent balances and our cash generated from operations.

Our summarized annual cash flow information is as follows (in thousands):

	Year Ended March 31,		
	2013	**2012**	**2011**
Net Cash provided by operating activities	$ 112,683	$ 100,000	$ 52,410
Net Cash provided by (used in) investing activities	(15,832)	(7,792)	28
Net Cash provided by (used in) financing activities	41,208	(11,507)	(7,304)
Effects of exchange rate changes in cash	(1,183)	(783)	2,518
Net increase in cash and cash equivalents	$ 136,876	$ 79,918	$ 47,652

Net cash provided by operating activities was $112.7 million in fiscal 2013, $100.0 million in fiscal 2012 and $52.4 million in fiscal 2011. In fiscal 2013, cash generated by operating activities was primarily due to net income adjusted for the impact of non-cash charges; an increase in deferred services revenue as a result of customer support agreements from new customers and renewal agreements with our installed software base; and an increase in accrued liabilities. These increases were partially offset by an increase in accounts receivable due to higher revenues and timing of cash receipts. In fiscal 2012 and fiscal 2011, cash generated by operating activities was primarily due to net income adjusted for the impact of non-cash charges; an increase in deferred services revenue as a result of customer support agreements from new customers and renewal agreements with our installed software base; and an increase in accrued liabilities.

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Net cash provided by (used in) investing activities was ($15.8) million in fiscal 2013, ($7.8) million in fiscal 2012 and less than $0.1 million in fiscal 2011. In fiscal 2013, cash used in investing activities was due to the purchase of property and equipment in the amounts of $9.2 million for purchases relating to our new corporate campus headquarters and $7.8 million of capital expenditures as we continue to invest in and enhance our global infrastructure. These increases were partially offset by net proceeds from the maturity of short-term investments of $1.2 million. In fiscal 2012, cash used in investing activities was due to the purchase of property and equipment of $5.8 million related to growth in our business as well as the net purchases of short-term investments of $2.0 million. In fiscal 2011, cash provided by investing activities was due to the net proceeds from maturity of short-term investments of $3.9 million offset by the purchase of property and equipment of $3.9 million related to growth in our business.

Net cash provided by (used in) financing activities was $41.2 million in fiscal 2013, ($11.5) million in fiscal 2012 and ($7.3) million in fiscal 2011. The cash provided by financing activities in fiscal 2013 was due to $23.1 million of excess tax benefits recognized as a result of stock option exercises and $18.1 million of proceeds from the exercise of stock options. The cash used in financing activities in fiscal 2012 was due to $45.6 million used to repurchase shares of our common stock under our repurchase program, partially offset by $18.1 million of proceeds from the exercise of stock options and $16.0 million of excess tax benefits recognized as a result of stock option exercises. The cash used in financing activities in fiscal 2011 was due to $31.5 million used to repurchase shares of our common stock under our share repurchase program partially offset by $17.2 million from the exercise of stock options and $7.0 million of excess tax benefits recognized as the result of stock option exercises and vesting of restricted stock units.

A summary of the cash used for the stock repurchase program consists of the following:

	Year Ended March 31,		
	2013	2012	2011
Cash used for repurchases (in thousands)*	$	$ 45,639	$ 31,506
Shares repurchased (in thousands)*		1,323	1,559
Average price per share	$	$ 34.45	$ 20.21

* Based on settlement date, not trade date.

Working capital increased $120.8 million from $222.3 million as of March 31, 2012 to $343.1 million as of March 31, 2013. The increase in working capital is primarily due to a $135.7 million increase in cash and short-term investments and a $17.2 million increase in accounts receivable. These increases were partially offset by a $27.7 million increase in deferred revenue and a $9.7 million increase in accrued liabilities. The increase in cash and short-term investments is primarily due to net income generated during the period, cash received from the collection of account receivables and cash received from the exercise of stock options. The increase in deferred revenue is primarily due to higher deferred services revenue from customer support agreements from software sales to new customers and renewal agreements with our installed software base. The increase in accrued expenses is primarily due to higher employee and related compensation accruals.

Working capital increased $42.9 million from $179.4 million as of March 31, 2011 to $222.3 million as of March 31, 2012. The increase in working capital is primarily due to an $81.9 million increase in cash and short-term investments. These increases were partially offset by a $27.1 million increase in deferred revenue, a $12.4 million increase in accrued liabilities and a $6.1 million decrease in accounts receivable. The increase in cash and short-term investments is primarily due to net income generated during the period, cash received from the collection of account receivables and cash received from the exercise of stock options, partially offset by cash used to repurchase common stock during fiscal 2012. The increase in deferred revenue is primarily due to higher deferred services revenue from customer support agreements from software sales to new customers and renewal agreements with our installed software base. The increase in accrued expenses is primarily due to higher employee and related compensation accruals and the decrease in accounts receivable is primarily due to strong collections efforts and timing of cash receipts.

We believe that our existing cash, cash equivalents and our cash from operations will be sufficient to meet our anticipated cash needs for working capital, capital expenditures (including our planned new corporate campus headquarters) and potential stock repurchases for at least the next 12 months. We may seek additional funding through public or private financings or other arrangements during this period. Adequate funds may not be available when needed or may not be available on terms favorable to us, or at all. If additional funds are raised by issuing equity securities, dilution to existing stockholders will result. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility, and would also require us to fund additional interest expense. If funding is insufficient at any time in the future, we may be unable to develop or enhance our products or services, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

Summary Disclosures about Contractual Obligations and Commercial Commitments

Our material capital commitments consist of obligations under facilities and operating leases. Some of these leases have free or escalating rent payment provisions. We recognize rent expense under leases on a straight-line basis. We anticipate that we will experience an increase in our capital expenditures and lease commitments as a result of our anticipated growth in operations, infrastructure, personnel and resources devoted to building our brand name.

The following table summarizes our obligations as of March 31, 2013 (dollars in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	More Than 5 Years
Operating lease obligations	$ 25,167	$ 9,639	$ 14,030	$ 1,498	$
Purchase obligations	6,306	4,403	1,791	112	
Total	$ 31,473	$ 14,042	$ 15,821	$ 1,610	$

We generally do not enter into binding purchase obligations. The purchase obligations above relate primarily to marketing and software development services, IT infrastructure costs and costs associated with the design and construction of our corporate campus headquarters. The contractual obligations table above excludes unrecognized tax benefits recorded in Other Liabilities totaling $5.4 million because we cannot reasonably estimate in which future periods these amounts will ultimately be settled. The $5.4 million is classified as a long-term liability in our consolidated balance sheet as of March 31, 2013 as none of these obligations are anticipated to be paid within one year from April 1, 2013.

As of March 31, 2013, we have an outstanding letter of credit for $0.1 million issued in connection with a revenue transaction. This letter of credit will remain outstanding until September 17, 2013.

We have certain software royalty commitments associated with the shipment and licensing of certain products. Royalty expense is generally based on a fixed cost per unit shipped or a fixed fee for unlimited units shipped over a designated period. Royalty expense, included in cost of software revenues, was $2.1 million in fiscal 2013, $1.6 million in fiscal 2012 and $1.3 million in fiscal 2011.

We offer a 90-day limited product warranty for our software. To date, costs relating to this product warranty have not been material.

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Off-Balance Sheet Arrangements

As of March 31, 2013 and 2012, other than our operating leases, we do not have off-balance sheet financing arrangements, including any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities.

Indemnifications

Certain of our software licensing agreements contain certain provisions that indemnify our customers from any claim, suit or proceeding arising from alleged or actual intellectual property infringement. These provisions continue in perpetuity along with our software licensing agreements. We have never incurred a liability relating to one of these indemnification provisions in the past and we believe that the likelihood of any future payout relating to these provisions is remote. Therefore, we have not recorded a liability during any period related to these indemnification provisions.

Impact of Recently Issued Accounting Standards

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02), which requires companies to present information about reclassification adjustments from accumulated other comprehensive income in their financial statements or footnotes. ASU 2013-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2012. The new requirements will take effect for us in the first quarter of fiscal 2014 and will be applied prospectively. We do not believe the adoption of ASU 2013-02 will have a significant impact on our consolidated financial statements.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, *Comprehensive Income (Topic 220) Presentation of Comprehensive Income* (ASU 2011-05), to require an entity to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate, but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. ASU 2011-05 became effective for us in the first quarter of fiscal 2013 and was applied retrospectively. There was no significant impact on our consolidated financial statements.

The FASB also continues to work on a number of significant accounting rules which may impact our accounting and disclosures in future periods. Since these rules have not yet been issued, the effective dates and potential impact are unknown.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***
Interest Rate Risk

As of March 31, 2013, our cash, cash equivalent and short-term investment balances consisted primarily of money market funds and certificates of deposit. Due to the short-term nature of these investments, we are not subject to any material interest rate risk on these balances.

Foreign Currency Risk

Economic Exposure

As a global company, we face exposure to adverse movements in foreign currency exchange rates. Our international sales are generally denominated in foreign currencies and this revenue could be materially affected by currency fluctuations. Approximately 42% of our sales were outside the United States in fiscal 2013 and 39% were outside the United States in fiscal 2012. Our primary exposures are to fluctuations in exchange rates for the

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U.S. dollar versus the Euro, and to a lesser extent, the Australian dollar, British pound sterling, Canadian dollar, Chinese yuan, Indian rupee, Korean won and Singapore dollar. Changes in currency exchange rates could adversely affect our reported revenues and require us to reduce our prices to remain competitive in foreign markets, which could also have a material adverse effect on our results of operations. Historically, we have periodically reviewed and revised the pricing of our products available to our customers in foreign countries and we have not maintained excess cash balances in foreign accounts.

We estimate that a 10% change in all foreign exchange rates would impact our reported operating profit by approximately $6.7 million annually. This sensitivity analysis disregards the possibilities that rates can move in opposite directions and that losses from one geographic area may be offset by gains from another geographic area.

Transaction Exposure

Our exposure to foreign currency transaction gains and losses is primarily the result of certain net receivables due from our foreign subsidiaries and customers being denominated in currencies other than the functional currency of the subsidiary. Our foreign subsidiaries conduct their businesses in local currency and we generally do not maintain excess U.S. dollar cash balances in foreign accounts.

Foreign currency transaction gains and losses are recorded in General and administrative expenses in the Consolidated Statements of Income. We recognized net foreign currency transaction losses of approximately $0.3 million in fiscal 2013, $0.2 million in fiscal 2012 and $0.6 million in fiscal 2011. The net foreign currency transaction losses recorded in General and administrative expenses include settlement gains and losses on forward contracts disclosed below.

To date, we have selectively hedged our exposure to foreign currency transaction gains and losses on the balance sheet through the use of forward contracts, which were not designated as hedging instruments. The duration of forward contracts utilized for hedging our balance sheet exposure is generally one to three months. As of March 31, 2013 and March 31, 2012, we did not have any forward contracts outstanding. We recorded net realized losses in general and administrative expenses of $0.2 million in fiscal 2013 and net realized gains in general and administrative expenses of less than $0.1 million in fiscal 2012. In the future, we may enter into additional foreign currency based hedging contracts to reduce our exposure to significant fluctuations in currency exchange rates on the balance sheet.

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Item 8. ***Financial Statements and Supplementary Data***

CommVault Systems, Inc.

Consolidated Financial Statements

Fiscal Years Ended March 31, 2013, 2012 and 2011

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of

CommVault Systems, Inc.

We have audited the accompanying consolidated balance sheets of CommVault Systems, Inc. as of March 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders equity and cash flows for each of the three years in the period ended March 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CommVault Systems, Inc. at March 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2013, in conformity with U.S generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects in the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CommVault Systems, Inc. s internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 14, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey

May 14, 2013

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CommVault Systems, Inc.

Consolidated Balance Sheets

(In thousands, except per share data)

	March 31, 2013	March 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 433,964	$ 297,088
Short-term investments	1,948	3,146
Trade accounts receivable, less allowance for doubtful accounts of $103 and $97 at March 31, 2013 and 2012, respectively	85,033	67,793
Prepaid expenses and other current assets	15,225	12,606
Deferred tax assets, net	19,328	14,717
Total current assets	555,498	395,350
Deferred tax assets, net	21,166	23,861
Property and equipment, net	21,112	9,137
Other assets	7,078	4,340
Total assets	$ 604,854	$ 432,688
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	$ 3,860	$ 1,847
Accrued liabilities	55,577	45,888
Deferred revenue	152,967	125,314
Total current liabilities	212,404	173,049
Deferred revenue, less current portion	31,303	22,059
Other liabilities	7,130	7,596
Commitments and contingencies (Note 5)		
Stockholders equity:		
Preferred stock, $0.01 par value: 50,000 shares authorized, no shares issued and outstanding at March 31, 2013 and 2012.		
Common stock, $0.01 par value, 250,000 shares authorized, 46,397 shares and 44,594 shares issued and outstanding at March 31, 2013 and 2012, respectively	464	446
Additional paid-in capital	391,772	320,438
Accumulated deficit	(37,930)	(91,139)
Accumulated other comprehensive (loss) income	(289)	239
Total stockholders equity	354,017	229,984
Total liabilities and stockholders equity	$ 604,854	$ 432,688

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CommVault Systems, Inc.

Consolidated Statements of Income

(In thousands, except per share data)

	Year Ended March 31, 2013	2012	2011
Revenues:			
Software	$ 251,508	$ 201,800	$ 149,798
Services	244,342	204,839	164,978
Total revenues	495,850	406,639	314,776
Cost of revenues:			
Software	2,863	2,747	2,369
Services	62,089	50,660	38,646
Total cost of revenues	64,952	53,407	41,015
Gross margin	430,898	353,232	273,761
Operating expenses:			
Sales and marketing	247,696	219,025	163,054
Research and development	47,356	39,936	36,954
General and administrative	50,119	40,619	34,207
Depreciation and amortization	4,832	4,353	3,775
Income from operations	80,895	49,299	35,771
Interest expense		(57)	(106)
Interest income	1,059	750	650
Income before income taxes	81,954	49,992	36,315
Income tax expense	28,745	18,052	15,311
Net income	$ 53,209	$ 31,940	$ 21,004
Net income per common share:			
Basic	$ 1.17	$ 0.72	$ 0.49
Diluted	$ 1.10	$ 0.68	$ 0.45
Weighted average common shares outstanding:			
Basic	45,463	44,089	43,283
Diluted	48,330	47,201	46,301

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CommVault Systems, Inc.

Consolidated Statements of Comprehensive Income

(In thousands, except per share data)

	Year Ended March 31,		
	2013	**2012**	**2011**
Net income	$ 53,209	$ 31,940	$ 21,004
Other comprehensive income (loss):			
Foreign currency translation adjustment	(528)	(68)	419
Comprehensive income	$ 52,681	$ 31,872	21,423

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CommVault Systems, Inc.

Consolidated Statements of Stockholders Equity

(In thousands)

	Common Stock				Accumulated Other Comprehensive	
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	(Loss) Income	Total
Balance at March 31, 2010	43,053	$ 431	$ 239,012	$ (81,031)	$ (112)	$ 158,300
Stock-based compensation			15,623			15,623
Tax benefits relating to share-based payments			7,084			7,084
Exercise of common stock options and vesting of restricted stock units	2,469	25	17,133			17,158
Repurchase of common stock	(1,557)	(16)	(7,230)	(24,212)		(31,458)
Net income				21,004		21,004
Other comprehensive income (loss)					419	419
Balance at March 31, 2011	43,965	440	271,622	(84,239)	307	188,130
Stock-based compensation			21,426			21,426
Tax benefits relating to share-based payments			16,072			16,072
Exercise of common stock options and vesting of restricted stock units	1,952	19	18,104			18,123
Repurchase of common stock	(1,323)	(13)	(6,786)	(38,840)		(45,639)
Net income				31,940		31,940
Other comprehensive (loss) income					(68)	(68)
Balance at March 31, 2012	44,594	446	320,438	(91,139)	239	229,984
Stock-based compensation			30,098			30,098
Tax benefits relating to share-based payments			23,126			23,126
Exercise of common stock options and vesting of restricted stock units	1,803	18	18,110			18,128
Repurchase of common stock						
Net income				53,209		53,209
Other comprehensive (loss) income					(528)	(528)
Balance at March 31, 2013	46,397	$ 464	$ 391,772	$ (37,930)	$ (289)	$ 354,017

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CommVault Systems, Inc.

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended March 31, 2013	2012	2011
Cash flows from operating activities			
Net income	$ 53,209	$ 31,940	$ 21,004
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,939	4,484	3,906
Noncash stock-based compensation	30,098	21,426	15,623
Excess tax benefits from stock-based compensation	(23,080)	(16,009)	(7,044)
Deferred income taxes	(2,094)	(4,993)	7,798
Changes in operating assets and liabilities:			
Trade accounts receivable	(17,939)	5,419	(14,206)
Prepaid expenses and other current assets	(2,684)	(4,198)	(3,756)
Other assets	(1,844)	(3,720)	(314)
Accounts payable	2,036	204	(261)
Accrued liabilities	32,358	29,038	13,469
Deferred revenue	38,041	35,599	17,892
Other liabilities	(357)	810	(1,701)
Net cash provided by operating activities	112,683	100,000	52,410
Cash flows from investing activities			
Purchase of short-term investments	(1,948)	(3,146)	(2,751)
Proceeds from maturity of short-term investments	3,146	1,150	6,644
Purchases for corporate campus headquarters	(9,209)		
Purchase of property and equipment	(7,821)	(5,796)	(3,865)
Net cash (used in) provided by investing activities	(15,832)	(7,792)	28
Cash flows from financing activities			
Repurchase of common stock		(45,639)	(31,506)
Proceeds from the exercise of stock options	18,128	18,123	17,158
Excess tax benefits from stock-based compensation	23,080	16,009	7,044
Net cash provided by (used in) financing activities	41,208	(11,507)	(7,304)
Effects of exchange rate changes in cash	(1,183)	(783)	2,518
Net increase in cash and cash equivalents	136,876	79,918	47,652
Cash and cash equivalents at beginning of year	297,088	217,170	169,518
Cash and cash equivalents at end of year	$ 433,964	$ 297,088	$ 217,170
Supplemental disclosures of cash flow information			
Interest paid	$	$ 57	$ 106
Income taxes paid	$ 5,612	$ 9,680	$ 3,894

CommVault Systems, Inc.

Notes to Consolidated Financial Statements

(In thousands, except per share data)

1. Nature of Business

CommVault Systems, Inc. and its subsidiaries (CommVault or the Company) is a leading provider of data and information management software applications and related services. The Company develops, markets and sells a suite of software applications and services, primarily in North America, Europe, Australia and Asia, that provides its customers with high-performance data protection, including backup and recovery; data migration and archiving; snapshot management and replication of data; integrated source, and target data deduplication; eDiscovery and compliance solutions; self-service access; a secure virtual repository using Simpana ContentStore; enterprise-wide search capabilities; protection, recovery and discovery of data in virtual server environments; and robust built-in analytics and troubleshooting tools. The Company s unified suite of data and information management software applications, which is sold under the Simpana brand, shares an underlying architecture that has been developed to minimize the cost and complexity of managing data on globally distributed and networked storage infrastructures. The Company also provides its customers with a broad range of professional and customer support services.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company. All intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make judgments and estimates that affect the amounts reported in the Company s consolidated financial statements and the accompanying notes. The Company bases its estimates and judgments on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company s balance sheets and the amounts of revenues and expenses reported for each of its periods presented are affected by estimates and assumptions, which are used for, but not limited to, the accounting for revenue recognition, allowance for doubtful accounts, income taxes and related reserves, stock-based compensation and accounting for research and development costs. Actual results could differ from those estimates.

Revenue Recognition

The Company derives revenues from two primary sources: software licenses and services. Services include customer support, consulting, assessment and design services, installation services and training. A typical sales arrangement includes both of these sources.

For sales arrangements involving multiple elements, the Company recognizes revenue using the residual method. Under the residual method, the Company allocates and defers revenue for the undelivered elements based on fair value and recognizes the difference between the total arrangement fee and the amount deferred for the undelivered elements as revenue. The determination of fair value of the undelivered elements in multiple-element arrangements is based on the price charged when such elements are sold separately, which is commonly referred to as vendor-specific objective-evidence, or VSOE.

The Company s software licenses typically provide for a perpetual right to use the Company s software and are sold on a per-copy basis, on a capacity basis or as site licenses. Software licenses sold on a capacity basis provide the customer with unlimited licenses of specified software products based on a defined level of terabytes

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

of data under management. Site licenses give the customer the additional right to deploy the software on a limited basis during a specified term. The Company recognizes software revenue through direct sales channels upon receipt of a purchase order or other persuasive evidence and when all other basic revenue recognition criteria are met as described below. The Company recognizes software revenue through all indirect sales channels on a sell-through model. A sell-through model requires that the Company recognize revenue when the basic revenue recognition criteria are met as described below and these channels complete the sale of the Company s software products to the end-user. Revenue from software licenses sold through an original equipment manufacturer partner is recognized upon the receipt of a royalty report or purchase order from that original equipment manufacturer partner.

Services revenue includes revenue from customer support and other professional services. Customer support includes software updates on a when-and-if-available basis, telephone support, integrated web-based support and bug fixes or patches. Customer support revenue is recognized ratably over the term of the customer support agreement, which is typically one year. To determine the price for the customer support element when sold separately, the Company primarily uses historical renewal rates. Historical renewal rates are supported by performing an analysis in which the Company segregates its customer support renewal contracts into different classes based on specific criteria including, but not limited to, the dollar amount of the software purchased, the level of customer support being provided and the distribution channel. As a result of this analysis, the Company has concluded that it has established VSOE for the different classes of customer support when the support is sold as part of a multiple-element sales arrangement. The Company s determination of fair value for customer support has not changed for the periods presented.

The Company s other professional services include consulting services, implementation and post-deployment services and education services. Other professional services provided by the Company are not mandatory and can also be performed by the customer or a third-party. In addition to a signed purchase order, the Company s consulting services and implementation and post-deployment services are, in some cases, evidenced by a Statement of Work, which defines the specific scope of such services to be performed when sold and performed on a stand-alone basis or included in multiple-element sales arrangements. Revenues from consulting services and implementation and post-deployment services are based upon a daily or weekly rate and are recognized when the services are completed. Education services include courses taught by the Company s instructors or third-party contractors either at one of the Company s facilities or at the customer s site. Education services fees are recognized as revenue after the course has been provided. Based on the Company s analysis of such other professional services transactions sold on a stand-alone basis, the Company has concluded it has established VSOE for such other professional services when sold in connection with a multiple-element sales arrangement. The Company generally performs its other professional services within 90 days of entering into an agreement. The Company s determination of fair value for other professional services has not changed for the periods presented.

The Company has analyzed all of the undelivered elements included in its multiple-element sales arrangements and determined that VSOE of fair value exists to allocate revenues to services. Accordingly, assuming all basic revenue recognition criteria are met, software revenue is recognized upon delivery of the software license using the residual method.

The Company considers the four basic revenue recognition criteria for each of the elements as follows:

Persuasive evidence of an arrangement with the customer exists. The Company s customary practice is to require a purchase order and, in some cases, a written contract signed by both the customer and the Company, or other persuasive evidence that an arrangement exists prior to recognizing revenue related to an arrangement.

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

Delivery or performance has occurred. The Company s software applications are either physically or electronically delivered to customers with standard transfer terms such as FOB shipping point. Software and/or software license keys for add-on orders or software updates are typically delivered in an electronic format. If products that are essential to the functionality of the delivered software in an arrangement have not been delivered, the Company does not consider delivery to have occurred. Services revenue is recognized when the services are completed, except for customer support, which is recognized ratably over the term of the customer support agreement, which is typically one year.

Vendor s fee is fixed or determinable. The fee customers pay for software applications, customer support and other professional services is negotiated at the outset of a sales arrangement. The fees are therefore considered to be fixed or determinable at the inception of the arrangement.

Collection is probable. Probability of collection is assessed on a customer-by-customer basis. Each new customer undergoes a credit review process to evaluate its financial position and ability to pay. If the Company determines from the outset of an arrangement that collection is not probable based upon the review process, revenue is recognized at the earlier of when cash is collected or when sufficient credit becomes available, assuming all of the other basic revenue recognition criteria are met.

The Company s sales arrangements generally do not include acceptance clauses. However, if an arrangement does include an acceptance clause, revenue for such an arrangement is deferred and recognized upon acceptance. Acceptance occurs upon the earliest of receipt of a written customer acceptance, waiver of customer acceptance or expiration of the acceptance period.

Net Income per Common Share

Basic net income per common share is computed by dividing net income by the weighted average number of common shares during the period. Diluted net income per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and the vesting of restricted stock units. The dilutive effect of such potential common shares is reflected in diluted earnings per share by application of the treasury stock method.

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

	Year Ended March 31,		
	2013	**2012**	**2011**
Net income	$ 53,209	$ 31,940	$ 21,004
Basic net income per common share:			
Basic weighted average shares outstanding	45,463	44,089	43,283
Basic net income per common share	$ 1.17	$ 0.72	$ 0.49
Diluted net income per common share:			
Basic weighted average shares outstanding	45,463	44,089	43,283
Dilutive effect of stock options and restricted stock units	2,867	3,112	3,018
Diluted weighted average shares outstanding	48,330	47,201	46,301

Diluted net income per common share	$ 1.10	$ 0.68	$ 0.45

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CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

The following table summarizes the potential outstanding common stock equivalents of the Company at the end of each period, which have been excluded from the computation of diluted net income per common share, as its effect is anti-dilutive.

	Year Ended March 31,		
	2013	2012	2011
Stock options and restricted stock units	554	626	1,002

Software Development Costs

Research and development expenditures are charged to operations as incurred. Based on the Company s software development process, technological feasibility is established upon completion of a working model, which also requires certification and extensive testing. Costs incurred by the Company between completion of the working model and the point at which the product is ready for general release are immaterial.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of amounts due to the Company from normal business activities. The Company maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. The Company estimates uncollectible amounts based upon historical bad debts, evaluation of current customer receivable balances, age of customer receivable balances, the customer s financial condition and current economic trends.

Accounting for Income Taxes

As part of the process of preparing financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves estimating actual current tax exposure, including assessing the risks associated with tax audits, and assessing temporary differences resulting from different treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. As of March 31, 2013, the Company had net deferred tax assets of approximately $40,494, which were primarily related to federal and state research tax credit carryforwards, stock-based compensation and foreign net operating loss carryforwards. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income, and to the extent that the Company believes recovery is not likely, the Company establishes a valuation allowance. As of March 31, 2013, the Company maintains a valuation allowance against its deferred tax assets totaling $1,395 primarily related to the uncertainty of the Company s ability to utilize New Jersey state research tax credits before they expire. The Company based its valuation allowance on its estimates of taxable income by legal entity and the period over which its state research tax credits will be recoverable.

The calculation of the Company s tax liabilities involves dealing with uncertainties in the application of complex tax regulations in each of its tax jurisdictions. The number of years with open tax audits varies depending on the tax jurisdiction. A number of years may lapse before a particular matter is audited and finally resolved. The Company applies the guidance issued to address the accounting for uncertain tax positions. This guidance clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements as well as provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition.

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

As of March 31, 2013, the Company had unrecognized tax benefits of $4,570, all of which, if recognized, would favorably affect the effective tax rate. In addition, the Company had accrued interest and penalties of $842 related to the unrecognized tax benefits. Interest and penalties, if any, related to unrecognized tax benefits are recorded in income tax expense. Components of the reserve are classified as either current or long-term in the Consolidated Balance Sheet based on when the Company expects each of the items to be settled.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with maturities of three months or less at the date of purchase to be cash equivalents. As of March 31, 2013, the Company s cash and cash equivalents balance consisted primarily of money market funds.

Concentration of Credit Risk

The Company grants credit to customers in a wide variety of industries worldwide and generally does not require collateral. Credit losses relating to these customers have been minimal.

Sales through the Company s reseller and original equipment manufacturer agreements with Dell totaled approximately 20%, 22% and 23% of total revenues for the years ended March 31, 2013, 2012 and 2011, respectively. Dell accounted for 23% of accounts receivable as of both March 31, 2013 and 2012. Sales through the Company s distribution agreement with Arrow Enterprise Computing Solutions, Inc. (Arrow) totaled approximately 29%, 26% and 25% of total revenues for the years ended March 31, 2013, 2012 and 2011, respectively. Arrow accounted for approximately 39% and 30% of total accounts receivable as of March 31, 2013 and 2012, respectively.

Fair Value of Financial Instruments

The carrying amounts of the Company s cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to the short-term maturity of these instruments. As of March 31, 2013, the Company s short-term investments balance consisted of certificates of deposit.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for such asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. To measure fair value, the Company uses the following fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable:

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

Level 2 Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

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.

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CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

The following table summarizes the composition of the Company s financial assets measured at fair value on a recurring basis at March 31, 2013 and March 31, 2012:

	March 31,	
	2013	2012
Cash and cash equivalents:		
Money market funds	$ 342,458	$ 232,037

All of the Company s financial instruments in the table above were classified and measured as Level 1 instruments.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Company provides for depreciation on a straight-line basis over the estimated useful lives of the assets. Computer and related equipment is generally depreciated over eighteen months to three years and furniture and fixtures are generally depreciated over three to five years. Leasehold improvements are amortized over the shorter of the useful life of the improvement or the term of the related lease. Expenditures for routine maintenance and repairs are charged against operations. Major replacements, improvements and additions are capitalized.

Construction in progress is related to the construction or development of property (including land) and equipment that have not yet been placed in service for its intended use. Depreciation for equipment commences once it is placed in service and depreciation for buildings and leasehold improvements commences once they are ready for its intended use. Land is not depreciated.

Asset Retirement Obligation

A liability for the fair value of an asset retirement obligation and corresponding increase to the carrying value of the related leasehold improvements are recorded at the time leasehold improvements are acquired. The Company maintains certain office space for which the lease agreement requires that the Company return the office space to its original condition upon vacating the premises. Accordingly, the balance of the asset retirement obligation was $525 and $552 as of March 31, 2013 and 2012, respectively.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine the recoverability of its long-lived assets, the Company evaluates the estimated future undiscounted cash flows that are directly associated with, and that are expected to arise as a direct result of, the use and eventual disposition of the long-lived asset. If the estimated future undiscounted cash flows demonstrate that recoverability is not probable, an impairment loss would be recognized. An impairment loss would be calculated based on the excess carrying amount of the long-lived asset over the long-lived asset s fair value. The fair value would be determined based on valuation techniques such as a comparison to fair values of similar assets. There were no impairment charges recognized during the years ended March 31, 2013, 2012 and 2011.

Deferred Revenue

Deferred revenues represent amounts collected from, or invoiced to, customers in excess of revenues recognized. This results primarily from the billing of annual customer support agreements, as well as billings for

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

other professional services fees that have not yet been performed by the Company and billings for license fees that are deferred due to one of the revenue recognition criteria not being met. The value of deferred revenues will increase or decrease based on the timing of invoices and recognition of software revenue. The Company expenses internal direct and incremental costs related to contract acquisition and origination as incurred.

Deferred revenue consists of the following:

	March 31, 2013	March 31, 2012
Current:		
Deferred software revenue	$ 9,193	$ 3,764
Deferred services revenue	143,774	121,550
	$ 152,967	$ 125,314
Non-current:		
Deferred services revenue	$ 31,303	$ 22,059

Accounting for Stock-Based Compensation

The Company utilizes the Black-Scholes pricing model to determine the fair value of non-qualified stock options on the dates of grant. Restricted stock units are measured based on the fair market values of the underlying stock on the date of grant. The Company recognizes stock-based compensation using the straight-line method for all stock awards.

The Company classifies benefits of tax deductions in excess of the compensation cost recognized (excess tax benefits) as a financing item cash inflow with a corresponding operating cash outflow. For the years ended March 31, 2013, 2012 and 2011, the Company included $23,080, $16,009, and $7,044, respectively, as a financing cash inflow.

Share Repurchases

The Company considers all shares repurchased as cancelled shares restored to the status of authorized but unissued shares on the trade date. The aggregate purchase price of the shares of the Company s common stock repurchased is reflected as a reduction to Stockholders Equity. The Company accounts for shares repurchased as an adjustment to common stock (at par value) with the excess repurchase price allocated between Additional Paid-in Capital and Accumulated Deficit. The Company did not repurchase any shares of its common stock in the fiscal year ended March 31, 2013. As a result of the Company s stock repurchases in the fiscal year ended March 31, 2012, the Company reduced common stock and additional paid-in capital by $6,799 and accumulated deficit by $38,840.

Sales Tax

The Company records revenue net of sales tax.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses were $4,646, $4,582, and $3,819 for the years ended March 31, 2013, 2012 and 2011, respectively.

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Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

Shipping and Handling Costs

Shipping and handling costs are included in cost of revenues for all periods presented.

Foreign Currency Translation

The functional currencies of the Company s foreign operations are deemed to be the local country s currency. Assets and liabilities of the Company s international subsidiaries are translated at their respective period-end exchange rates, and revenues and expenses are translated at average currency exchange rates for the period. The resulting balance sheet translation adjustments are included in Other Comprehensive Income (Loss) and are reflected as a separate component of Stockholders Equity.

Foreign currency transaction gains and losses are recorded in General and administrative expenses in the Consolidated Statements of Income. The Company recognized net foreign currency transaction losses of $275, $232 and $623 in the years ended March 31, 2013, March 31, 2012 and March 31, 2011, respectively. The net foreign currency transaction gains and losses recorded in General and administrative expenses include settlement gains and losses on forward contracts disclosed below.

To date, the Company has selectively hedged its exposure to foreign currency transaction gains and losses on the balance sheet through the use of forward contracts, which were not designated as hedging instruments. The duration of forward contracts utilized for hedging the Company s balance sheet exposure is generally one to three months. As of March 31, 2013 and March 31, 2012, the Company did not have any forward contracts outstanding. The Company recorded net realized losses of $152 and net realized gains of $37 in general and administrative expenses related to the settlement of a forward exchange contracts in the years ended March 31, 2013 and 2012, respectively. In the future, the Company may enter into additional foreign currency-based hedging contracts to reduce its exposure to significant fluctuations in currency exchange rates on the balance sheet.

Comprehensive Income

Comprehensive income is defined to include all changes in equity, except those resulting from investments by stockholders and distribution to stockholders.

Impact of Recently Issued Accounting Standards

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02), which requires companies to present information about reclassification adjustments from accumulated other comprehensive income in their financial statements or footnotes. ASU 2013-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2012. The new requirements will take effect for the Company in the first quarter of fiscal 2014 and will be applied prospectively. The Company does not believe the adoption of ASU 2013-02 will have a significant impact on its consolidated financial statements.

In June 2011, the Financial Accounting Standards Board issued Accounting Standards Update No. 2011-05, *Comprehensive Income (Topic 220) Presentation of Comprehensive Income* (ASU 2011-05), which requires companies to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of equity. ASU 2011-05 became effective for the Company in the first quarter of fiscal 2013 and was applied retrospectively. There was no significant impact on the Company s consolidated financial statements.

The FASB also continues to work on a number of significant accounting rules which may impact the Company s accounting and disclosures in future periods. Since these rules have not yet been issued, the effective dates and potential impact are unknown.

3. Property and Equipment

Property and equipment consist of the following:

	March 31, 2013	March 31, 2012
Computers, servers and other equipment	$ 25,513	$ 20,792
Construction in process	10,162	953
Leasehold improvements	8,279	6,631
Furniture and fixtures	2,183	2,037
Purchased software	1,970	1,818
	48,107	32,231
Less: Accumulated depreciation and amortization	(26,995)	(23,094)
	$ 21,112	$ 9,137

Construction in process at March 31, 2013 is comprised of the purchase of land and related design and construction cost for the Company s planned corporate campus headquarters, which the Company expects to finalize over approximately the next 2 years. The value of land included in construction in process at March 31, 2013 is $5,915. The Company recorded depreciation and amortization expense of $4,939, $4,484, and $3,906 for the years ended March 31, 2013, 2012 and 2011, respectively.

4. Accrued Liabilities

Accrued liabilities consist of the following:

	March 31, 2013	March 31, 2012
Compensation and related payroll taxes	$ 32,397	$ 28,391
Other	23,180	17,497
	$ 55,577	$ 45,888

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CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

5. Commitments and Contingencies

Leases

The Company leases various office and warehouse facilities under non-cancelable leases, which expire on various dates through September 2017. Future minimum lease payments under all operating leases at March 31, 2013 are as follows:

Year Ending March 31:	
2014	$ 9,639
2015	9,313
2016	4,717
2017	1,342
2018	156
	$ 25,167

Rent expenses were $10,037, $8,498, and $6,778 for the years ended March 31, 2013, 2012 and 2011, respectively.

Rent expense is calculated by amortizing total rental payments (net of any rental abatements, allowances and other rental concessions), on a straight-line basis, over the lease term. Accordingly, rent expense charged to operations differs from rent paid resulting in the Company recording deferred rent.

Letter of Credit

As of March 31, 2013, the Company had an outstanding letter of credit for $144 issued in connection with a revenue transaction. This letter of credit will remain outstanding until September 17, 2013.

Purchase Commitments

The Company, in the normal course of business, enters into various purchase commitments for goods or services. Total non-cancellable purchase commitments as of March 31, 2013 are approximately $4,403 for fiscal 2014, $1,062 for fiscal 2015, $729 for fiscal 2016 and $112 for fiscal 2017, totaling $6,306 for all periods through fiscal 2018. These purchase commitments primarily result from contracts for the acquisition of IT infrastructure, marketing and software development services and the design and construction of the Company s corporate campus headquarters.

The Company has certain software royalty commitments associated with the shipment and licensing of certain products. Royalty expense is generally based on a fixed cost per unit shipped or a fixed fee for unlimited units shipped over a designated period. Royalty expense, included in cost of software revenues, was $2,081 in fiscal 2013, $1,611 in fiscal 2012 and $1,295 in fiscal 2011.

Indemnifications

The Company offers a 90-day limited product warranty for its software.

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

Legal Proceedings

In the normal course of its business, the Company may be involved in various claims, negotiations and legal actions. As of March 31, 2013, the Company is not aware of any asserted or unasserted claims, negotiations and legal actions that are both considered reasonably possible of occurring and also would require disclosure under the guidance.

The Company provides certain provisions within its software licensing agreements to indemnify its customers from any claim, suit or proceeding arising from alleged or actual intellectual property infringement. These provisions continue in perpetuity, along with the Company s software licensing agreements. The Company has never incurred a liability relating to one of these indemnification provisions, and management believes that the likelihood of any future payout relating to these provisions is remote. Therefore, the Company has not recorded a liability during any period for these indemnification provisions.

6. Capitalization

As of March 31, 2013 and 2012, the Company had 250,000 shares of common stock and 50,000 shares of preferred stock authorized. As of March 31, 2013 and 2012, there were no shares of preferred stock outstanding.

On November 13, 2008, the Board of Directors of the Company adopted a Rights Plan and declared a dividend distribution of one Right for each outstanding share of common stock to shareholders of record on November 24, 2008. Each Right, when exercisable, entitles the registered holder to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share, at a purchase price of eighty dollars per one one-thousandth of a share, subject to adjustment. Of the 50,000 shares of preferred stock authorized under the Company s certificate of incorporation, 150 have been designated as Series A Junior Participating Preferred.

The Rights will become exercisable following the tenth business day after (i) a person or group announces the acquisition of 15% or more of the Company s common stock or (ii) commencement of a tender or exchange offer, the consummation of which would result in ownership by the person or group of 15% or more of the Company s common stock. The Company is also entitled to redeem the Rights at $0.001 per right under certain circumstances. The Rights expire on November 14, 2018, if not exercised or redeemed.

Common Stock

The Company had 46,397 and 44,594 shares of common stock, par value $0.01, outstanding at March 31, 2013 and March 31, 2012, respectively.

As of March 31, 2013, the Company is authorized to repurchase up to a total of $220,000 of its common stock through March 31, 2014 under its share repurchase program. As of March 31, 2013, the Company has repurchased approximately $117,157 under the share repurchase authorization and may repurchase an additional $102,843 of its common stock under the current program through March 31, 2014.

Shares Reserved for Issuance

The Company has reserved 7,637 shares to allow for the exercise of all outstanding options and vesting of restricted stock units at March 31, 2013.

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Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

7. Stock Plans

As of March 31, 2013, the Company maintains two stock incentive plans, the 1996 Stock Option Plan (the Plan) and the 2006 Long-Term Stock Incentive Plan (the LTIP).

Under the Plan, the Company may grant non-qualified stock options to purchase 11,705 shares of common stock to certain officers and employees. Stock options are granted at the discretion of the Board and expire 10 years from the date of the grant. At March 31, 2013, there were 571 options available for future grant under the Plan.

The LTIP permits the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance stock awards and stock unit awards based on, or related to, shares of the Company s common stock. On each April 1, the number of shares available for issuance under the LTIP is increased, if applicable, such that the total number of shares available for awards under the LTIP as of any April 1 is equal to 5% of the number of outstanding shares of the Company s common stock on that April 1. As of March 31, 2013, approximately 550 shares were available for future issuance under the LTIP.

As of March 31, 2013, the Company has granted non-qualified stock options and restricted stock units under its stock incentive plans. Equity awards granted by the Company under its stock incentive plans generally vest quarterly over a four-year period, except that the shares that would otherwise vest quarterly over the first 12 months do not vest until the first anniversary of the grant. However, from time to time the company grants equity awards that vest between one and three years. The Company anticipates that future grants under its stock incentive plans will continue to include both non-qualified stock options and restricted stock units.

The Company estimated the fair value of stock options granted using the Black-Scholes formula. The average expected life for fiscal 2012 was determined according to the simplified method, which is the mid-point between the vesting date and the end of the contractual term. During fiscal 2013, the Company began incorporating its historical data into the expected term calculation for stock options granted. The Company is now able to demonstrate significant stock option exercise activity for options granted subsequent to its initial public offering to provide a reasonable basis for incorporating historical data into its expected term of future stock option grants. As a result, during fiscal 2013, the Company s calculation of expected term included a combination of actual exercise data and an assumption on when the remaining outstanding options with similar characteristics would be exercised based on the Company s historical data. In determining expected life, the Company separates employees into groups that have historically exhibited similar behavior with regard to option exercises.

Expected volatility through September 30, 2012 was calculated based on a blended approach that included the historical volatility of a peer group, the implied volatility of the Company s traded options with a remaining maturity greater than six months and the historical realized volatility of the Company s common stock. Effective October 1, 2012, the Company excluded the historical volatility of a peer group in its expected volatility calculation due to the fact that the Company s common stock has been publicly traded for a period that approximates its weighted average expected term. As a result, expected volatility from October 1, 2012 to March 31, 2013 was calculated based on a blended approach that included the implied volatility of the Company s traded options with a remaining maturity greater than six months and the historical realized volatility of the Company s common stock.

The risk-free interest rate is determined by reference to U.S. Treasury yield curve rates with a remaining term that is approximately the expected life assumed at the date of grant. Forfeitures are estimated based on the Company s historical analysis of actual stock option forfeitures.

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Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

The assumptions used in the Black-Scholes option-pricing model are as follows:

	Year Ended March 31,		
	2013	2012	2011
Dividend yield	None	None	None
Expected volatility	45% - 50%	42% - 47%	40% - 45%
Weighted average expected volatility	47%	45%	44%
Risk-free interest rates	0.60% - 1.40%	1.06% - 2.56%	1.18% - 2.93%
Weighted average expected life (in years)	6.2	6.2	6.2

The following table presents the stock-based compensation expense included in cost of services revenue, sales and marketing, research and development and general and administrative expenses for the years ended March 31, 2013, 2012 and 2011.

	Year Ended March 31,		
	2013	2012	2011
Cost of services revenue	$ 963	$ 648	$ 346
Sales and marketing	13,508	9,818	7,040
Research and development	3,020	2,270	1,719
General and administrative	12,607	8,690	6,518
Stock-based compensation expense	$ 30,098	$ 21,426	$ 15,623

The Company recognized a tax benefit related to stock-based compensation of $8,901 in the year ended March 31, 2013, $7,276 in the year ended March 31, 2012 and $5,352 in the year ended March 31, 2011.

As of March 31, 2013, there was approximately $93,280 of unrecognized stock-based compensation expense, net of estimated forfeitures, related to non-vested stock option and restricted stock unit awards that is expected to be recognized over a weighted average period of 2.70 years. To the extent the actual forfeiture rate is different from what the Company has anticipated, stock-based compensation related to these awards will be different from the Company s expectations.

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

The following summarizes the activity for the Company s two stock incentive plans from March 31, 2010 to March 31, 2013:

Options	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at March 31, 2010	8,070	$ 10.38		
Options granted	1,191	27.27		
Options exercised	(2,066)	8.30		
Options forfeited	(144)	15.62		
Options expired	(17)	11.61		
Outstanding at March 31, 2011	7,034	13.75		
Options granted	1,240	41.74		
Options exercised	(1,513)	11.98		
Options forfeited	(99)	25.61		
Options expired	(6)	8.23		
Outstanding at March 31, 2012	6,656	19.19		
Options granted	1,289	60.07		
Options exercised	(1,361)	13.32		
Options forfeited	(129)	35.11		
Options expired	(16)	11.24		
Outstanding at March 31, 2013	6,439	$ 28.31	6.38	$ 345,553
Vested or expected to vest at March 31, 2013	6,328	$ 27.58	6.30	$ 342,355
Exercisable at March 31, 2013	3,787	$ 15.51	4.73	$ 251,746

The weighted average fair value of stock options granted was $27.28 per share, $18.77 per share, and $12.23 per share during the years ended March 31, 2013, 2012 and 2011, respectively. The total intrinsic value of options exercised was $65,973, $51,145, and $39,119 in the years ended March 31, 2013, 2012 and 2011, respectively. The Company s policy is to issue new shares upon exercise of options as the Company does not hold shares in treasury.

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Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

Restricted stock unit activity is as follows:

Non-Vested Restricted Stock Units	Number of Awards	Weighted Average Grant Date Fair Value
Non-vested as of March 31, 2010	1,011	$ 15.33
Granted	507	26.96
Vested	(403)	14.44
Forfeited	(105)	17.71
Non-vested as of March 31, 2011	1,010	21.27
Granted	623	42.07
Vested	(439)	19.61
Forfeited	(81)	27.14
Non-vested as of March 31, 2012	1,113	33.24
Granted	613	57.01
Vested	(442)	29.79
Forfeited	(86)	37.49
Non-vested as of March 31, 2013	1,198	$ 46.45

The total fair value of the restricted stock units that vested during the years ended March 31, 2013, 2012 and 2011 was $25,649, $18,579 and $10,157, respectively.

The following table summarizes information on stock options outstanding under the Plan and LTIP at March 31, 2013:

Range of Exercise Prices	Options Outstanding March 31, 2013	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options Exercisable at March 31, 2013	Weighted-Average Exercise Price
$ 4.00 - 11.12	1,816	3.19	$ 7.26	1,764	$ 7.15
11.37 - 22.59	1,400	5.21	17.09	1,261	16.54
23.54 - 41.55	1,931	8.09	34.82	748	32.84
43.30 - 76.83	1,046	9.48	56.28	14	49.42
77.57 - 77.57	246	9.95	77.57		
$ 4.00 - 77.57	6,439	6.38	$ 28.31	3,787	$ 15.51

8. Income Taxes

The components of income before income taxes were as follows:

	Year Ended March 31,		
	2013	**2012**	**2011**
Domestic	$ 72,650	$ 43,526	$ 31,553
Foreign	9,304	6,466	4,762
	$ 81,954	$ 49,992	$ 36,315

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Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

The components of income tax expense (benefit) were as follows:

	Year Ended March 31, 2013	2012	2011
Current:			
Federal	$ 23,537	$ 18,716	$ 6,311
State	2,238	2,292	1,781
Foreign	5,073	2,037	(579)
Deferred:			
Federal	(1,107)	(3,196)	2,883
State	18	(2,673)	4,501
Foreign	(1,014)	876	414
	$ 28,745	$ 18,052	$ 15,311

A reconciliation of the statutory tax rates and the effective tax rates for the years ended March 31, 2013, 2012 and 2011 are as follows:

	Year Ended March 31, 2013	2012	2011
Statutory federal income tax expense rate	35.0%	35.0%	35.0%
State and local income tax expense, net of federal income tax effect	2.5	2.6	3.9
Impact of state tax rate change on deferred tax assets		1.0	0.5
Foreign earnings taxed at different rates	0.4	1.8	0.5
Permanent differences	1.9	3.0	1.5
Foreign tax credits	(1.4)	(1.4)	(1.4)
Research credits	(3.0)	(2.7)	(5.0)
Tax reserves	0.1		(4.6)
Change in valuation allowance		(3.2)	11.9
Other differences, net	(0.4)		(0.1)
Effective income tax expense	35.1%	36.1%	42.2%

On January 2, 2013, the American Taxpayer Relief Act of 2012 (the Act) was signed into law. Among other provisions, the Act reenacted the research and development credit, which had previously expired on December 31, 2011. The reenactment of the credit was retroactive to January 1, 2012 and extends through the end of 2013 calendar year. The tax benefit of 3.0% recognized in fiscal 2013 reflected in the rate reconciliation table includes an additional benefit of 0.4% related to periods prior to March 31, 2012 as tax law is accounted for in the period of enactment.

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Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

Deferred tax assets arise due to the recognition of income and expense items for tax purposes, which differ from those used for financial statement purposes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income, and to the extent that the Company believes recovery is not likely, the Company establishes a valuation allowance. The significant components of the Company s deferred tax assets are as follows:

	March 31, 2013	March 31, 2012
Deferred tax assets:		
Stock-based compensation	$ 15,198	$ 11,832
Tax credits	13,613	18,478
Deferred revenue	7,236	4,385
Net operating losses	1,603	1,858
Depreciation and amortization	2,005	1,289
Allowance for doubtful accounts and other reserves	1,000	1,049
Accrued expenses	1,234	1,107
Total deferred tax assets	41,889	39,998
Less: valuation allowance	(1,395)	(1,420)
Net deferred tax assets	$ 40,494	$ 38,578

At March 31, 2013, the Company maintained valuation allowances totaling $1,395 against its deferred tax assets. Specifically, the Company has a valuation allowance of $1,343 against New Jersey state research tax credits due to uncertainties related to the ability to utilize such state research tax credits before they expire. The Company based its valuation allowance on its estimates of taxable income by legal entity and the period over which its state research tax credits will be recoverable. In addition, the Company has a valuation allowance of $52 against foreign net operating loss carryforwards in a certain international jurisdiction. In assessing the need for a valuation allowance against its net operating loss carryforwards in such international jurisdiction, the Company considered projected future income as part of its analysis.

It is the Company s intention to reinvest undistributed earnings of its foreign subsidiaries and thereby infinitely postpone their remittance. As a result, deferred U.S. income taxes have not been provided on undistributed earnings of foreign subsidiaries of the Company. The cumulative amount of unremitted earnings from the foreign subsidiaries that is expected to be permanently reinvested was approximately $9,634 on March 31, 2013.

Excess tax benefits related to share-based payments are credited to equity. When determining this excess tax benefit, the Company elected to follow the tax law approach. As a result, the Company s excess tax benefit which was recorded to equity was approximately $23,126 and $16,072 for the years ended March 31, 2013 and 2012, respectively.

At March 31, 2013, the Company has state net operating loss (NOL) carryforwards of approximately $2,074 and NOL carryforwards for foreign tax purposes of approximately $5,997.

At March 31, 2013, the Company has federal and state research tax credit (R&D credits) carryforwards of approximately $8,308 and $4,767, respectively. The federal research tax credit carryforwards expire from 2022 through 2033, and the state research tax credit carryforwards expire from 2014 through 2028. At March 31, 2013, the Company has federal Alternative Minimum Tax credit carryforwards of $1,586.

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CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

The Company conducts business globally and as a result, files income tax returns in the United States and in various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world, including such major jurisdictions as the United States, Australia, Canada, Germany, Netherlands and United Kingdom. The Company s U.S. Federal income tax return for the fiscal year ended March 31, 2011 is currently under audit by the U.S. Internal Revenue Service. In addition, the Company s German subsidiary s income tax returns for the fiscal years ended March 31, 2006 through March 31, 2010 are currently under audit by the German tax authorities. The following table summarizes the tax years in the Company s major tax jurisdictions that remain subject to income tax examinations by tax authorities as of March 31, 2013. The years subject to income tax examination in the Company s foreign jurisdictions cover the maximum time period with respect to these jurisdictions. Due to NOL carryforwards, in some cases the tax years continue to remain subject to examination with respect to such NOLs.

Tax Jurisdiction	Years Subject to Income Tax Examination
U.S. Federal	2002 - Present
New Jersey	2002 - Present
Foreign jurisdictions	2006 - Present

The calculation of the Company s tax liabilities involves dealing with uncertainties in the application of complex tax regulations in each of its tax jurisdictions. The number of years with open tax audits varies depending on the tax jurisdiction. A number of years may lapse before a particular matter is audited and finally resolved. A reconciliation of the amounts of unrecognized tax benefits is as follows:

Balance at March 31, 2010	$ 5,229
Additions for tax positions related to fiscal 2011	512
Additions for tax positions related to prior years	86
Settlements and effective settlements with tax authorities and related remeasurements	
Reductions related to the expiration of statutes of limitations	(1,447)
Foreign currency translation adjustment	101
Balance at March 31, 2011	4,481
Additions for tax positions related to fiscal 2012	582
Additions for tax positions related to prior years	96
Settlements and effective settlements with tax authorities and related remeasurements	
Reductions related to the expiration of statutes of limitations	(390)
Foreign currency translation adjustment	(70)
Balance at March 31, 2012	4,699
Additions for tax positions related to fiscal 2013	401
Additions for tax positions related to prior years	
Settlements and effective settlements with tax authorities and related remeasurements	(511)
Reductions related to the expiration of statutes of limitations	
Foreign currency translation adjustment	(19)
Balance at March 31, 2013	$ 4,570

All of the Company s unrecognized tax benefits at March 31, 2013 of $4,570, if recognized, would favorably affect the effective tax rate. Components of the reserve are classified as either current or long-term in the Consolidated Balance Sheet based on when the Company expects each of the items to be settled.

CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

Accordingly, the Company has recorded its unrecognized tax benefits of $4,570 and $4,699 and the related accrued interest and penalties of $842 and $784 in Other Liabilities on the Consolidated Balance Sheet at March 31, 2013 and March 31, 2012, respectively. The Company believes that it is reasonably possible that approximately $90 of its currently remaining unrecognized tax benefits and approximately $12 of related accrued interest and penalties may be realized by the end of the fiscal year ending March 31, 2014 as a result of the lapse of the statute of limitations. Interest and penalties related to unrecognized tax benefits are recorded in income tax expense. In the years ended March 31, 2013, 2012 and 2011, the Company recognized $107, $117 and $152, respectively, of interest and penalties in the Consolidated Statement of Income.

9. Employee Benefit Plan

The Company has a defined contribution plan, as allowed under Section 401(k) of the Internal Revenue Code, covering substantially all employees. Effective January 1, 2012, the Company makes contributions equal to a discretionary percentage of the employee s contributions determined by the Company. During the years ended March 31, 2013 and 2012, the Company made contributions of $1,132 and $265, respectively.

10. Segment Information

The Company operates in one reportable segment, storage software solutions. The Company s products and services are sold throughout the world, through direct and indirect sales channels. The Company s chief operating decision maker, the chief executive officer, evaluates the performance of the Company presented on a consolidated basis, accompanied by information about revenue by geographic region for purposes of tracking distribution of resources and analyzing overall return on investment for both domestic and international operations. The chief operating decision maker does not receive discrete financial information about asset allocation, expense allocation or profitability from the Company s storage products or services.

Revenues by geography are based upon the billing address of the customer. All transfers between geographic regions have been eliminated from consolidated revenues. The following table sets forth revenue and long-lived assets by geographic area:

	Year Ended March 31,		
	2013	**2012**	**2011**
Revenue:			
United States	$ 288,370	$ 248,749	$ 190,706
Other	207,480	157,890	124,070
	$ 495,850	$ 406,639	$ 314,776

No individual country other than the United States accounts for 10% or more of revenues in the years ended March 31, 2013, 2012 and 2011. Revenue included in the Other caption above primarily relates to the Company s operations in Europe, Australia, Canada and Asia.

	March 31,	
	2013	**2012**
Long-lived assets:		
United States	$ 22,046	$ 8,131

Other	6,144	5,346
	$ 28,190	$ 13,477

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CommVault Systems, Inc.

Notes to Consolidated Financial Statements (Continued)

(In thousands, except per share data)

At March 31, 2013 no other individual country, other than the United States, accounts for 10% or more of long-lived assets. At March 31, 2012 the United Kingdom had long-lived assets of $2,872.

11. Selected Quarterly Financial Data (unaudited)

	Quarter Ended			
	June 30	September 30	December 31	March 31
Fiscal 2013				
Total revenue	$ 111,267	$ 118,162	$ 128,147	$ 138,274
Gross margin	95,977	102,819	111,684	120,418
Net income	10,125	13,899	12,200	16,985
Net income per common share:				
Basic (1)	$ 0.23	$ 0.31	$ 0.27	$ 0.37
Diluted (1)	$ 0.21	$ 0.29	$ 0.25	$ 0.35

	Quarter Ended			
	June 30	September 30	December 31	March 31
Fiscal 2012				
Total revenue	$ 91,527	$ 97,458	$ 103,640	$ 114,014
Gross margin	79,484	84,384	90,030	99,334
Net income	7,039	7,899	7,160	9,842
Net income per common share:				
Basic (1)	$ 0.16	$ 0.18	$ 0.16	$ 0.22
Diluted (1)	$ 0.15	$ 0.17	$ 0.15	$ 0.21

(1) Per common share amounts for the quarters and full year have been calculated separately. Accordingly, quarterly amounts do not add to the annual amount because of differences in the weighted average common shares outstanding during each period used in the basic and diluted calculations.

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Item 9. ***Changes In and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable

Item 9A. ***Controls and Procedures***

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of March 31, 2013. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2013.

(b) Management s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting as defined in Rules 13a-15(f) of the Exchange Act. There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of any internal control may vary over time.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our internal control over financial reporting as of March 31, 2013. In making this assessment, management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*.

Based on our assessment, using those criteria, our management concluded that, as of March 31, 2013, our internal control over financial reporting was effective. The effectiveness of our internal control over financial reporting as of March 31, 2013 has been audited by Ernst & Young LLP, our independent registered public accounting firm, as stated in their report, which is included below in this Annual Report on Form 10-K.

(c) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth quarter of fiscal 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

The Board of Directors and Stockholders of

CommVault Systems, Inc.

We have audited CommVault Systems, Inc. s internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CommVault Systems, Inc. s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CommVault Systems, Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CommVault Systems, Inc. as of March 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, stockholders equity, and cash flows for each of the three years in the period ended March 31, 2013 of CommVault Systems, Inc. and our report dated May 14, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey

May 14, 2013

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Item 9B. ***Other Information***
Not applicable

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***
We will furnish to the SEC a definitive Proxy Statement not later than 120 days after the close of the fiscal year ended March 31, 2013. Information with respect to this Item is incorporated herein by reference from our 2013 Proxy Statement, including in the sections captioned, Our Board of Directors and Corporate Governance .

Our Board of Directors has adopted a code of business ethics and conduct, which applies to all our employees. The code of business ethics and conduct is in addition to our code of ethics for senior financial officers. The full texts of our code of business ethics and conduct and our code of ethics for senior financial officers can be found on our website, www.commvault.com.

Item 11. ***Executive Compensation***
Information with respect to this Item is incorporated herein by reference from our 2013 Proxy Statement, including in the section captioned Compensation Discussion and Analysis .

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***
Information with respect to this Item is incorporated herein by reference from our 2013 Proxy Statement, including in the section captioned Security Ownership of Certain Beneficial Ownership and Management .

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of March 31, 2013 with respect to the shares of our common stock that may be issuable upon the exercise of options, warrants and rights under or existing equity compensation plans.

The following information is as of March 31, 2013:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders(1)	7,637,008	$ 28.31	1,121,109
Equity compensation plans not approved by security holder			
Totals	7,637,008	$ 28.31	1,121,109(2)

(1) Consists of shares of common stock to be issued upon exercise of outstanding options and vesting of restricted stock awards under our 1996 Stock Option Plan and 2006 Long-Term Stock Incentive Plan.

(2) On each April 1, the number of shares available for issuance under the 2006 Long-Term Stock Incentive Plan is increased, if applicable, such that the total number of shares available for awards under the 2006 Long-Term Stock Incentive Plan as of any April 1 is equal to 5% of the number of outstanding shares of our common stock on that April 1.

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Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Information with respect to this Item is incorporated herein by reference from our 2013 Proxy Statement, including in the section captioned, Transactions with Related Persons .

Item 14. ***Principal Accountant Fees and Services***

Information with respect to this Item is incorporated herein by reference from our 2013 Proxy Statement, including in the sections captioned Audit, Audit-related, Tax and All Other Fees .

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

Financial Statements

See Index to Consolidated Financial Statements set forth in Item 8 for a list of financial statements filed as part of this report.

Financial Statement Schedules

The following financial statement schedule should be read in conjunction with the Consolidated Financial Statements set forth in Item 8 and appears below:

Schedule II Valuation and Qualifying Accounts for the years ended March 31, 2011, 2012 and 2013.

All other schedules are omitted because they are not required or the required information is shown in the financial statements or notes thereto.

Schedule II Valuation and Qualifying Accounts

	Balance at Beginning of Year	Charged (Credited) to Costs and Expenses	Deductions	Balance at End of Year
		(In thousands)		
Year Ended March 31, 2011				
Allowance for doubtful accounts	$ 292	$ (42)	$ 144	$ 106
Valuation allowance for deferred taxes	$	$ 4,306	$	$ 4,306
Year Ended March 31, 2012				
Allowance for doubtful accounts	$ 106	$ (2)	$ 7	$ 97
Valuation allowance for deferred taxes	$ 4,306	$ (2,886)	$	$ 1,420
Year Ended March 31, 2013				
Allowance for doubtful accounts	$ 97	$ 12	$ 6	$ 103
Valuation allowance for deferred taxes	$ 1,420	$	$ 25	$ 1,395

Exhibits

The following exhibits are incorporated by reference or filed herewith.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of CommVault Systems, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
3.2	Amended and Restated Bylaws of CommVault Systems, Inc. (Incorporated by reference to Exhibit 3.3 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
3.3	Certification of Designation of Series A Junior Participating Preferred Stock of CommVault Systems, Inc. (Incorporated by reference to Exhibit 3.1 to Registrant s Form 8-K dated November 14, 2008).
4.1	Form of Common Stock Certificate (Incorporated by reference to Exhibit 4.1 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
4.2	Rights Agreement between CommVault Systems, Inc. and Registrar and Transfer Company (Incorporated by reference to Exhibit 4.1 to Registrant s Form 8-K dated November 14, 2008).
9.1	Form of Voting Trust Agreement (Incorporated by reference to Exhibit 9.1 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.1*	CommVault Systems, Inc. 1996 Stock Option Plan, as amended (Incorporated by reference to Exhibit 10.2 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.2*	Form of CommVault Systems, Inc. 2006 Long-Term Stock Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.3*	Form of Non-Qualified Stock Option Agreement (Incorporated by reference to Exhibit 10.4 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.4*	Form of Restricted Stock Unit Agreement (Incorporated by reference to Exhibit 10.5 to the Registrant s Annual Report on Form 10-K for the year ended March 31, 2007).
10.5*	Employment Agreement, dated as of February 1, 2004, between CommVault Systems, Inc. and N. Robert Hammer (Incorporated by reference to Exhibit 10.5 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.6*	Form of Employment Agreement between CommVault Systems, Inc. and Alan G. Bunte and Louis F. Miceli (Incorporated by reference to Exhibit 10.6 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.7*	Form of Corporate Change of Control Agreement between CommVault Systems, Inc. and Alan G. Bunte and Louis F. Miceli (Incorporated by reference to Exhibit 10.7 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.8*	Form of Corporate Change of Control Agreement between CommVault Systems, Inc. and Brian Carolan, David West and Ron Miiller (Incorporated by reference to Exhibit 10.8 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.9*	Form of Indemnity Agreement between CommVault Systems, Inc. and each of its current officers and directors (Incorporated by reference to Exhibit 10.9 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).

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Exhibit No.	Description
10.10	Software License Agreement, dated December 17, 2003, by and between Dell Products L.P. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.18 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.11	Addendum One to the License and Distribution Agreement, dated May 5, 2004, by and between Dell Products L.P. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.19 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.12	Addendum Two to the License and Distribution Agreement, dated November 22, 2004, by and between Dell Products L.P. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.20 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.13	Addendum Three to the License and Distribution Agreement, dated April 28, 2005, by and between Dell Products L.P. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.21 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.14	Addendum Five to the License and Distribution Agreement, dated June 6, 2006, by and between Dell Products L.P. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.22 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.15	CommVault Systems Amended and Restated Reseller Agreement, effective as of April 6, 2005, between CommVault Systems and Dell Inc. (Incorporated by reference to Exhibit 10.23 to the Registrant s Registration Statement on Form S-1, Commission File No. 333-132550).
10.16	Addendum Six to the Software License Agreement, dated August 9, 2007, by and between Dell Products L.P. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.21 to the Registrant s Annual Report on Form 10-K for the year ending March 31, 2008).
10.17	Addendum Seven to the Software License Agreement, dated March 27, 2008, by and between Dell Products L.P. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.22 to the Registrant s Annual Report on Form 10-K for the year ending March 31, 2008).
10.18	Addendum Nine to the Software License Agreement, dated September 1, 2008, by and between Dell Global B.V. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.23 to the Registrant s Quarterly Report on Form 10-Q for the quarter ending September 30, 2008).
10.19	Addendum Ten to the Software License Agreement, dated October 1, 2008, by and between Dell Global B.V. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.24 to the Registrant s Quarterly Report on Form 10-Q for the quarter ending September 30, 2008).
10.20	Direct Supplier Agreement, dated August 2, 2008, by and between CommVault Systems, Inc. and Dell Products L.P. (Incorporated by reference to Exhibit 10.25 to the Registrant s Quarterly Report on Form 10-Q for the quarter ending September 30, 2008).
10.21	Addendum Eleven to the Software License Agreement, dated April 9, 2009, by and between Dell Global B.V. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.26 to the Registrant s Annual Report on Form 10-K for the year ending March 31, 2009).
10.22	Addendum Twelve to the Software License Agreement, dated June 23, 2009, by and between Dell Global B.V. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.27 to the Registrant s Quarterly Report on Form 10-Q for the quarter ending September 30, 2009).
10.23	Addendum Thirteen to the Software License Agreement, dated July 31, 2009, by and between Dell Global B.V. and CommVault Systems, Inc. (Incorporated by reference to Exhibit 10.28 to the Registrant s Quarterly Report on Form 10-Q for the quarter ending September 30, 2009).

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Exhibit No.	Description
21.1	List of Subsidiaries of CommVault Systems, Inc.
23.1	Consent of Ernst & Young LLP
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer 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
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Confidential treatment has been requested for portions of this document. Omitted portions have been filed separately with the SEC.

* Management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Oceanport, State of New Jersey, on May 14, 2013.

COMMVAULT SYSTEMS, INC.

By: /s/ N. ROBERT HAMMER
N. Robert Hammer
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on May 14, 2013.

Signature	Title
/s/ N. ROBERT HAMMER N. Robert Hammer	Chairman, President and Chief Executive Officer
/s/ BRIAN CAROLAN Brian Carolan	Vice President, Chief Financial Officer
/s/ GARY MERRILL Gary Merrill	Vice President, Chief Accounting Officer
/s/ LOUIS F. MICELI Louis F. Miceli	Senior Vice President, Finance
/s/ ALAN G. BUNTE Alan G. Bunte	Director
/s/ FRANK J. FANZILLI, JR. Frank J. Fanzilli, Jr.	Director
/s/ ARMANDO GEDAY Armando Geday	Director
/s/ KEITH GEESLIN Keith Geeslin	Director
/s/ F. ROBERT KURIMSKY F. Robert Kurimsky	Director

/s/ DANIEL PULVER	Director
Daniel Pulver	
/s/ GARY SMITH	Director
Gary Smith	
/s/ DAVID F. WALKER	Director
David F. Walker	

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