

Table of Contents

based on analyses of future values for the enterprise assuming various possible outcomes. Share value is based on the probability-weighted present value of expected future returns to the equity investor, considering the likely future scenarios available to the enterprise and the rights and preferences of each share class.

After the equity value is determined, a discount for lack of marketability is applied to our common stock to arrive at the fair value of our common stock. The probability and timing of each scenario were based upon discussions between our board of directors and our management team. Under the PWERM, the value of our common stock was based upon two possible future events for our company:

- initial public offering; and
- no initial public offering.

We believe we applied a reasonable valuation method to determine the estimated fair value of our common stock on the grant date:

Between our date of formation of September 12, 2014 and the date of this prospectus, we granted the following shares:

Grant date	Number of shares (1)	Historical		Number of shares	As converted ⁽²⁾	
			Fair value per share on date of grant			Fair value per share on date of grant
September 29, 2014	20,450	\$	21.80	3,657,464	\$	0.12
March 31, 2015	35,245	\$	37.10	6,303,537	\$	0.21

(1) Effective upon the filing of our amended and restated certificate of incorporation prior to the completion of this offering, we will effect a 178,8491 -for-one stock split of the outstanding shares of our Class A common stock.

(2) Net of forfeitures.

The restricted stock vests in four equal annual installments commencing on the first anniversary of the completion of this offering, subject to accelerated vesting upon certain events. Under certain circumstances upon a termination of employment, any unvested shares of Class A common stock held by the terminated employee will be forfeited. The restricted stock awards are subject to certain adjustments to prevent dilution at the time of conversion to Class A common stock.

Valuation inputs

In estimating the fair value of our common stock, our board of directors considered a valuation analysis for our common stock dated as of September 23, 2014 and March 31, 2015, respectively and valuation analysis reflected a fair value for our common stock of \$21.8 million and \$37.1 million, respectively.

With respect to the September 29, 2014 grant, the primary valuation considerations were an enterprise value determined from the income-based approach using an enterprise value multiple applied to our forward revenue metric and a lack of marketability discount of 10%. The illiquidity discount model utilized the following assumptions: (i) a time to liquidity event of six months; (ii) a risk free rate of 3.0%; and (iii) volatility of 40% over the time to a liquidity event. Estimates of the volatility of our common stock were based on available information on the volatility of common stock of comparable publicly traded companies. Our board of directors considered the proximity relative to the September 23, 2014 valuation and our financial performance in establishing the fair value of the common stock.

With respect to the March 31, 2015 grant, the primary valuation considerations were an enterprise value determined from the income-based approach using an enterprise value multiple applied to our forward revenue