SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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E2open Inc

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Mailing Address
4100 EAST THIRD AVENUE,
SUITE 400
FOSTER CITY CA 94404

Business Address
4100 EAST THIRD AVENUE,
SUITE 400
FOSTER CITY CA 94404
650-645-6500

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 2012

or

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

For the transition period from to

Commission file number: 001-35598

E2open, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**94-3366487**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

4100 East Third Avenue, Suite 400
Foster City, California 94404
(Address of principal executive offices)

(650) 645-6500
Registrant’ s telephone number, including area code

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer’ s classes of common stock, as of the latest practicable date.

There were 25,063,615 shares of the registrant’ s Common Stock issued and outstanding as of November 30, 2012.

E2OPEN, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

E2OPEN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	November 30, 2012	February 29, 2012
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,084	$ 10,219
Short-term investments	15,446	–
Accounts receivable, net of allowance of $12 and $24	19,776	16,304
Prepaid expenses and other current assets	2,566	3,211
Total current assets	55,872	29,734
Long-term investments	9,686	–
Property and equipment, net	2,570	2,249
Other assets	868	710
Total Assets	$ 68,996	$ 32,693
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 10,684	$ 9,142
Deferred revenue	34,884	38,101
Lines of credit	–	9,650
Current portion of notes payable and capital lease obligations	913	1,003
Total current liabilities	46,481	57,896
Deferred revenue	1,347	6,958
Notes payable and capital lease obligations, net of current portion	210	668
Other noncurrent liabilities	412	505
Total liabilities	48,450	66,027
Commitments and contingencies (note 7)		
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value. 10,000,000 authorized shares, 0 shares issued and outstanding	–	–
Series AA preferred stock, $0.001 par value. 4,571,428 authorized shares; 3,925,726 shares issued and outstanding as of February 29, 2012	–	13,336
Series BB preferred stock, $0.001 par value. 2,857,142 authorized shares; 2,327,672 shares issued and outstanding as of February 29, 2012	–	26,560
Series CC preferred stock, $0.001 par value. 4,357,142 authorized shares, 2,882,529 shares issued and outstanding as of February 29, 2012	–	27,259
Series D preferred stock, $0.001 par value. 5,714,285 authorized shares; 4,670,687 shares issued and outstanding as of February 29, 2012	–	16,336
Common stock, $0.001 par value. 100,000,000 authorized shares, 25,033,463 and 6,262,480 shares issued and outstanding as of November 30, 2012 and February 29, 2012	25	6
Additional paid-in capital	359,048	223,776

Accumulated other comprehensive income (loss)	(17)	9
Accumulated deficit	(338,510)	(340,616)
Total stockholders’ equity (deficit)	20,546	(33,334)
Total liabilities and stockholders’ equity (deficit)	$ 68,996	$ 32,693

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

E2OPEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Revenue				
Subscriptions and support	$ 11,215	$ 9,315	$ 32,160	$ 26,563
Professional services and other	7,748	5,494	25,167	16,099
Total revenue	18,963	14,809	57,327	42,662
Cost of revenue				
Subscriptions and support	2,175	1,928	6,212	5,599
Professional services and other	3,691	3,529	11,008	10,224
Total cost of revenue	5,866	5,457	17,220	15,823
Gross profit				
Subscriptions and support	9,040	7,387	25,948	20,964
Professional services and other	4,057	1,965	14,159	5,875
Total gross profit	13,097	9,352	40,107	26,839
Operating expenses:				
Research and development	3,621	3,401	11,270	9,880
Sales and marketing	7,393	5,113	20,168	13,161
General and administrative	2,050	1,661	6,109	4,305
Total operating expenses	13,064	10,175	37,547	27,346
Income (loss) from operations	33	(823)	2,560	(507)
Interest and other expense, net	(53)	(242)	(317)	(457)
Income (loss) before income taxes	(20)	(1,065)	2,243	(964)
Provision for income taxes	(62)	(48)	(137)	(122)
Net income (loss)	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Net income (loss) per share:				
Basic	$ –	$ (0.19)	$ 0.13	$ (0.18)
Diluted	$ –	$ (0.19)	$ 0.08	$ (0.18)
Weighted average shares used to compute net income (loss) per share:				
Basic	25,021	5,985	16,243	5,880
Diluted	25,021	5,985	25,882	5,880
Other comprehensive income (loss), net:				
Net unrealized gains (losses) on investments	6	–	5	–
Net foreign currency translation gains (losses)	(7)	3	(31)	3
Total other comprehensive income (loss)	(1)	3	(26)	3
Total comprehensive income (loss)	$ (83)	$ (1,110)	$ 2,080	$ (1,083)

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

E2OPEN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended November 30,	
	2012	2011
Cash flows from operating activities:		
Net income (loss)	$ 2,106	$ (1,086)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	1,571	410
Depreciation and amortization	1,196	1,150
Other	245	–
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,472)	(2,525)
Prepaid expenses and other current assets	628	(72)
Accounts payable and accrued liabilities	1,521	1,207
Deferred revenue	(8,828)	(1,109)
Other noncurrent liabilities	(62)	29
Net cash used in operating activities	(5,095)	(1,996)
Cash flows from investing activities:		
Capital expenditures	(1,117)	(495)
Purchase of marketable securities	(28,414)	–
Proceeds from sale and maturities of marketable securities	3,271	–
Long-term deposits and restricted cash	26	(89)
Net cash used in investing activities	(26,234)	(584)
Cash flows from financing activities:		
Proceeds from bank debt	30,300	31,102
Repayments of bank debt	(39,950)	(27,710)
Repayments of notes payable and capital lease obligations	(1,895)	(873)
Proceeds from initial public offering, net of underwriting discounts and commissions	52,313	–
Payments of deferred initial public offering costs	(2,410)	(130)
Issuance of preferred stock upon exercise of warrants, net of issuance costs	700	145
Proceeds from exercise of common share options	170	31
Repurchase of fractional shares from reverse stock split	(3)	–
Net cash provided by financing activities	39,225	2,565
Effect of exchange rate changes on cash and cash equivalents	(31)	(2)
Net increase (decrease) in cash and cash equivalents	7,865	(17)
Cash and cash equivalents at beginning of period	10,219	10,060
Cash and cash equivalents at end of period	$ 18,084	$ 10,043
Supplemental cash flow information:		
Cash paid during the period:		
Interest	$ 208	$ 137
Income taxes	$ 119	$ 87
Noncash financing and investing activities:		
Property, software and equipment acquired under notes payable and capital leases	$ 73	$ 152

Vesting of early exercised options	$ 33	$ 59
Automatic conversion of preferred stock to common stock in connection with IPO	$ 84,191	$ −

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

E2OPEN, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and Business Description

E2open, Inc. and subsidiaries (the Company), a Delaware corporation, was incorporated in September 2003. The Company provides cloud-based, on-demand software solutions delivered on an integrated platform that enables companies to collaborate with their trading partners to procure, manufacture, sell and distribute products more efficiently. The Company' s customers depend on outsourced manufacturing strategies and complex trading networks to compete in today' s global economy. They use the Company' s solutions to gain visibility into and control over their trading networks. The Company' s solutions enable its customers and their trading partners to overcome problems arising from communications across disparate systems by offering a reliable source of data, processes and analytics, which its customers rely on as the single version of the truth. The Company' s solutions empower its customers to manage demand they cannot predict and supply they do not control.

The Company' s corporate headquarters are located in Foster City, California, with additional offices in Austin and Dallas, Texas, China, France, Germany, Malaysia, Sweden, Taiwan and the United Kingdom.

Initial Public Offering

On July 31, 2012, the Company closed its initial public offering ("IPO") of 4,687,500 shares of its common stock, which included 3,750,000 shares of common stock sold by the Company and 937,500 shares of common stock sold by the selling stockholders. The public offering price of the shares sold in the offering was $15.00 per share. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-179558), which was declared effective by the SEC on July 25, 2012. The Company did not receive any proceeds from the sales of shares by the selling stockholders. The total proceeds from the offering to the Company, net of underwriting discounts and commissions of approximately $3.9 million, were approximately $52.3 million. After deducting offering expenses paid by us of approximately $3.0 million, we received approximately $49.3 million. Upon the closing of the IPO, all shares of convertible preferred stock outstanding automatically converted into 14,845,528 shares of common stock.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and accompanying notes of the Company reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") have been condensed or omitted under the rules and regulations of the Securities and Exchange Commission ("SEC").

On June 29, 2012, the Company effected a 1-for-35 reverse stock split of our preferred stock and common stock. Upon the effectiveness of the reverse stock split, (i) every 35 shares of outstanding preferred stock and common stock was decreased to one share of preferred stock or common stock, as applicable, (ii) the number of shares of common stock into which each outstanding option to purchase common stock is exercisable was proportionally decreased on a 1-for-35 basis and (iii) the exercise price of each outstanding option to purchase common stock was proportionately increased on a 1-for-35 basis. All of the share numbers, share prices and exercise prices have been adjusted within the consolidated financial statements, on a retroactive basis, to reflect this 1-for-35 reverse stock split.

Use of Estimates

The preparation of the Company' s consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported results of operations during the reporting period. Such estimates include the allowance for doubtful accounts, deferred tax asset valuation allowance, unrecognized tax benefits, accrued liabilities, stock-based compensation, and valuation of common and preferred stock. Actual results could differ from those estimates.

Revenue Recognition

The Company generates revenue from the sale of subscriptions and support and professional services.

Subscriptions and Support. The Company offers on-demand software solutions, which enable its customers to have constant access to its solutions without the need to manage and support the software and associated hardware themselves. The Company houses the hardware and software in third-party facilities, and provides its customers with access to the software solutions, along with data security and storage, backup, and recovery services. The Company’ s customer contracts typically have a term of three years. The Company invoices its customers for subscriptions and support in advance for annual use of the software solutions. The Company’ s payment terms typically require customers to pay within 30 to 90 days from the invoice date.

Professional Services. Professional services revenue is derived primarily from fees for enabling services, including solution consulting and solution deployment. These services are sold in conjunction with the sale of the Company’ s on-demand software solutions. The Company provides professional services both on a fixed fee and a time and materials basis, and invoices customers either in advance, monthly, or upon reaching project milestones.

The Company enters into arrangements with multiple elements, comprised of subscriptions and support and professional services. Arrangements with customers typically do not provide the customer with the right to take possession of the software supporting the on-demand solutions. The Company commences revenue recognition when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the Company’ s price to the customer is fixed or determinable, and collectability of the fees is reasonably assured.

The Company evaluates each of these criteria as follows:

Evidence of an Arrangement. The Company considers a binding agreement signed by it and the customer to be evidence of an arrangement.

Delivery . The Company typically considers delivery to have occurred when the on-demand software solutions are made available to the customer or services have been rendered. In arrangements where an existing customer purchases additional solutions, delivery occurs upon commencement of the contractual term.

Fixed or Determinable Fee . The Company considers the fee to be fixed or determinable unless the fee is subject to refund or adjustment or is not payable within its standard payment terms. If the fee is not fixed or determinable, the Company recognizes the revenue as amounts become due and payable.

Collectability of the Fees Is Reasonably Assured. Collectability of the fees is reasonably assured if the Company expects that the customer will be able to pay amounts under the arrangement as payments become due. If the Company determines that collection is not reasonably assured, the Company defers the recognition of revenue until cash collection.

The Company accounts for subscriptions and support and professional services revenue as separate units of accounting and allocates revenue to each deliverable in an arrangement based on a selling price hierarchy. As the Company has been unable to establish VSOE or TPE for the elements of its arrangements, the Company determines the ESP for each element primarily by considering prices we charge for similar offerings, size of the order and historical pricing practices. Revenue allocated to subscriptions and support is recognized over the contractual term. Professional services revenue sold on a fixed fee basis is recognized either under the proportional performance method of accounting using estimated labor hours, or upon acceptance of the services. Revenue from professional services sold on a time and material basis is recognized as services are delivered.

Prior to fiscal 2012, the Company determined that it did not have objective and reliable evidence of fair value for each deliverable of our arrangements, and in accordance with the then existing accounting standards for multiple deliverable revenue arrangements, the Company accounted for subscriptions and support and professional services revenue as a single unit of accounting and recognized the total arrangement fee ratably over the contractual term of the subscription agreement. These arrangements, if materially modified after February 28, 2011, are accounted for under the current accounting standards for multiple deliverable revenue arrangements.

The Company excludes from revenue sales and other taxes collected on behalf of customers and remitted to governmental authorities.

Investments in debt and marketable equity securities

The Company classifies all of its investments in debt and marketable equity securities as available-for-sale. Available-for-sale securities that the Company intends to hold for less than one year are classified as short term investments on the balance sheet, regardless of whether the stated maturity is greater than one year from the current balance sheet date. Investments that the Company intends to hold for more than one year are classified as long-term assets on the balance sheet. Available-for-sale securities are carried at fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) in stockholders' equity (deficit). For the three and nine months ended November 30, 2012, realized and unrealized gains and losses on investments were not material. We had no investments in debt and equity securities as of November 30, 2011 and February 29, 2012. An impairment charge is recorded in the consolidated statements of operations for declines in fair value below the cost of an individual investment that are deemed to be other than temporary. The Company assesses whether a decline in value is temporary based on the length of time that the fair market value has been below cost, the severity of the decline, as well as the intent and ability to hold, or plans to sell, the investment. For the three and nine months ended November 30, 2012, there is no impairment charge recorded in the consolidated statements of operations.

With the exception of the Company' s investments in debt and marketable equity securities policy above, there have been no material changes to the Company' s significant accounting policies as compared to the significant accounting policies disclosed in the Company' s audited consolidated financial statements for the fiscal year ended February 29, 2012 included in the Company' s final prospectus for initial public offering dated July 25, 2012 as filed with the Securities and Exchange Commission.

Recently Issued and Adopted Accounting Guidance

On June 16, 2011, the FASB issued new guidance on the presentation of other comprehensive income (loss) in financial statements. Under this new accounting guidance, an entity will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. The new accounting guidance eliminates the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. An entity should apply the new accounting guidance retrospectively. For a public entity, the new accounting guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. The Company adopted the provisions of the new accounting guidance effective March 1, 2012. The adoption of this accounting guidance did not have a material impact on the Company' s consolidated financial statements.

Cash and investments

The following table presents cash, cash equivalents and available-for-sale securities for the periods presented (in thousands):

		Gross	Gross	Estimated
	Amortized	Unrealized	Unrealized	Fair Market
	Cost	Gains	Losses	Value
November 30, 2012 (unaudited):				
Cash	$969	$ –	$ –	$969
Cash equivalents:				
Money market accounts	4,391	–	–	4,391
Money market funds	926	–	–	926
Commercial paper	11,797	1	–	11,798
Short-term investments:				
Commercial paper	11,477	3	–	11,480
Corporate debt securities	1,099	1	(1)	1,099
Agency debt securities	1,854	–	–	1,854
Municipal debt securities	601	–	–	601
Mortgage-backed securities	412	–	–	412
Long-term investments:				
Corporate debt securities	5,223	5	(3)	5,225
Asset-backed securities	2,665	1	–	2,666
Mortgage-backed securities	1,296	1	(1)	1,296
Municipal debt securities	500	–	(1)	499
Total cash, cash equivalents, and investments	$43,210	$ 12	$ (6)	$43,216
February 29, 2012				
Cash	$8,189	$ –	$ –	$8,189
Cash equivalents:				
Money market accounts	2,030	–	–	2,030
Total cash and cash equivalents	$10,219	$ –	$ –	$10,219

The following table presents available-for-sale securities, recorded in cash equivalents and investments, by contractual maturity date as of November 30, 2012 (in thousands):

		Estimated
	Amortized	Fair Market
	Cost	Value
Due in one year or less	$27,241	$27,244
Due after one year through two years	9,684	9,686
Total	$36,925	$36,930

For the three and nine months ended November 30, 2012, the realized gains and losses, and unrealized losses on these available-for-sale securities were not material. Additionally, none of these securities were in a continuous unrealized loss position for more than 12 months. As of November 30, 2012, the Company did not consider any of its available-for-sale securities to be other-than-temporarily impaired.

(3) Consolidated Balance Sheet Components

Consolidated balance sheet components as of the dates presented consisted of the following (in thousands):

	November 30, 2012	February 29, 2012
	(Unaudited)	
Prepaid expenses and other current assets:		
Prepaid software license fees, hardware and software maintenance	$ 1,380	$ 618
Deferred initial public offering costs	–	1,246
Other prepaid expenses and other current assets	1,186	1,347
	$ 2,566	$ 3,211
Property and equipment, net:		
Computer equipment	$ 8,906	$ 7,958
Software	8,440	8,259
Furniture and fixtures	119	87
Leasehold improvements	485	430
	17,950	16,734
Less accumulated depreciation and amortization	(15,380)	(14,485)
	$ 2,570	$ 2,249
Allowance for doubtful accounts:		
Balance, beginning of period	$ 24	$ 28
Add: Provision for doubtful accounts	43	67
Less: write-offs	(55)	(71)
Balance, end of period	$ 12	$ 24
Accumulated depreciation and amortization of property and equipment:		
Balance, beginning of period	$ 14,485	$ 21,026
Add: Depreciation and amortization	1,196	1,526
Less: disposals, write-offs and other	(301)	(8,067)
Balance, end of period	$ 15,380	$ 14,485

Specific incremental costs directly associated with the Company' s IPO, primarily legal, accounting and printing costs, were deferred and reflected as an asset until its reclassification to stockholders' equity (deficit) upon closing of the IPO in July 2012.

Property, software and equipment financed through capital leases and notes payable included above aggregated $73,000 as of November 30, 2012. Amortization on these assets was $8,000 as of November 30, 2012. Amortization of assets held under capital leases and notes payable is included with depreciation expense and software license expense. There was no equipment and software under capital leases as of February 29, 2012.

Other assets consist primarily of security deposits held by lessors of the Company' s office facilities and the noncurrent portion of prepaid expenses.

	November 30, 2012	February 29, 2012
	(Unaudited)	
Accounts payable and accrued liabilities:		
Accrued compensation costs	$ 5,628	$ 5,326
Trade accounts payable	3,159	2,028
Accrued taxes and other	1,897	1,788

	$ 10,684	$ 9,142

(4) Credit Facility

The Company maintained a credit facility with a commercial bank which provided the Company with a revolving line of credit and term loan. The total borrowing limit under the credit facility was $26.8 million, subject to certain borrowing base limitations. As of February 29, 2012, the amount outstanding under the lines of credit was $9.7 million and under the term loan, recorded under notes payable in the balance sheets, was $1.7 million. In August 2012, the Company repaid all of its outstanding borrowings under the lines of credit and the term loan. The revolving line of credit expired effective August 14, 2012 and the Company cancelled the term loan facility effective September 10, 2012.

(5) Notes Payable and Capital Lease Obligation

For the three and nine months ended November 30, 2012, the Company financed the payments for certain software and related support and maintenance, and insurance premiums with notes payable and capital lease obligations. The total amount financed was $1.6 million as of November 30, 2012. The term of the notes payable are between nine months and three years, and the notes bear interest at rates ranging from 3.03% to 13.13% per annum. The total principal payments remaining under the notes payable and capital lease obligations of $1.1 million become due as of November 30, 2012 as follows (in thousands):

Fiscal year ending:	
2013 (remaining 3 months)	$369
2014	580
2015	141
2016	33
	$1,123

(6) Related Party Transactions

One of the Company’ s directors, Patrick J. O’ Malley, III, is the Chief Financial Officer of Seagate Technology Public Limited Company, or Seagate PLC. Seagate LLC, a wholly owned subsidiary of Seagate PLC, is one of the Company’ s customers and the Company received payments from Seagate LLC relating to subscriptions to the Company’ s solutions. The Company received payments of $3,082,000 and $2,309,000 for the nine months ended November 30, 2012 and 2011, and $2,176,000 and $1,692,000 for the three months ended November 30, 2012 and 2011.

(7) Commitments and Contingencies

Leases

The Company leases its primary office space under noncancelable operating leases with various expiration dates through July 2018. Rent expense was $0.5 million and $0.4 million for the three months ended November 30, 2012 and 2011, and $1.4 million and $1.3 million for the nine months ended November 30, 2012 and 2011. Future minimum lease payments under noncancelable operating leases as of November 30, 2012 are as follows (in thousands):

Fiscal year ending:	
2013 (remaining 3 months)	$456
2014	1,446
2015	1,525
2016	1,222
2017	1,258
Thereafter	1,836
Total minimum lease payments	$7,743

Several of the operating lease agreements require the Company to provide security deposits. As of November 30, 2012 and February 29, 2012, lease deposits totaled $339,000 and $346,000. The deposits are generally refundable at the expiration of the lease, assuming all of the Company' s obligations under the lease agreement have been met, and are included in other assets in the consolidated balance sheets.

Contingencies

From time to time, the Company is subject to contingencies that arise in the ordinary course of business. The Company records an accrual for a contingency when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company does not currently believe the resolution of these contingencies will have a material adverse effect upon the Company' s financial position, results of operations or cash flows.

(8) Interest and other expense, net

Interest and other expense, net for the periods presented consisted of the following (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Interest expense	$ 33	$ 48	$ 211	$ 138
Bank financing fees	12	46	127	131
Foreign exchange losses (gains)−realized and unrealized, net	(47)	149	104	191
Losses (gains) from foreign currency contracts−realized and unrealized, net	95	−	(76)	−
Interest income	(40)	(1)	(48)	(3)
Other, net	−	−	(1)	−
	$ 53	$ 242	$ 317	$ 457

(9) Income Taxes

The Company records its interim provision for income taxes based on its estimated annual effective tax rate for the year. The income tax provision for the three months ended November 30, 2012 and 2011 was $62,000 and $48,000, and for the nine months ended November 30, 2012 and 2011 was $137,000 and $122,000. The Company has incurred operating losses for most years since inception. As of February 29, 2012, we had net operating loss, or NOL, carryforwards for federal income tax purposes of $316.5 million, which begin to expire in fiscal 2023, and have NOL carryforwards for state income tax purposes of $118.3 million, which begin to expire in fiscal 2013. In order to utilize the NOLs, we must generate consolidated taxable income which can offset such carryforwards. The deferred tax asset associated with the NOLs is $94.6 million. As a result of those continuing losses, management has determined insufficient evidence exists to support that it is more likely than not that the Company will realize the benefits of its U.S. net deferred tax assets and therefore has recorded a valuation allowance to reduce the net carrying value of these deferred tax assets to zero. Accordingly, the Company has not recorded a provision for income taxes for any of the periods presented other than provisions for estimated federal alternative minimum taxes, state and foreign income taxes, as well as income taxes in foreign jurisdictions. The Company' s effective tax rates differ from the statutory rate due primarily to valuation allowances on our deferred taxes, state taxes, foreign taxes, and tax contingencies.

The Company is subject to income tax in the United States as well as other tax jurisdictions in which it conducts business. Earnings from non-U.S. activities are subject to local country income tax. The Company does not provide for federal income taxes on the undistributed earnings of its foreign subsidiaries as such earnings are expected to be reinvested indefinitely. There is $572,000 of undistributed earnings of the Company' s foreign subsidiaries as of November 30, 2012. It is not practicable to determine the income tax liability that might be incurred if these earnings were to be repatriated.

As of February 29, 2012, the total amount of gross unrecognized tax benefits was $4.0 million, of which $0.2 million, if recognized, would affect the Company' s effective tax rate. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. The total amount of gross interest and penalties accrued was $92,000 in 2012, and was classified as other noncurrent liabilities in the consolidated balance sheets. The Company believes that it has adequately provided for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. The Company is not currently under examination or audit by any taxing authorities. For the nine months ended November 30, 2012, there has been no material change in the total amount or composition of the Company' s unrecognized tax benefits. The Company is subject to taxation in the U.S., various states and foreign jurisdictions. The 2000 to 2012 tax years' statutes of limitations generally remain open and are subject to U.S. federal and state tax examinations. The statutes of limitations in foreign jurisdictions range from four to seven years, and the open tax years subject to examination are from 2004 to 2012.

(10) Stock-based Compensation

Options and Awards Granted to Employees

In June 2012, the Board adopted the 2012 Stock Plan ("2012 Plan"), which was subsequently approved by the Company' s stockholders. Upon the completion of the IPO, all shares that were reserved under the 2003 Stock Plan but not issued were assumed by the 2012 Plan. No additional shares will be issued under the 2003 Plan. Under the 2012 Plan, the Company has the ability to issue incentive stock options ("ISOs"), nonstatutory stock options ("NSOs"), stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance units and performance shares. No awards under the 2012 Plan were granted prior to the Company' s IPO. As of November 30, 2012 and February 29, 2012, there were 5,492,338 and 2,816,587 shares of common stock reserved for issuance.

Options under the 2012 Plan may be granted for periods of up to 10 years and at prices no less than 100% of the estimated fair value of the underlying shares of common stock on the date of grant as determined by the board of directors; provided, however, that (i) the exercise price of an ISO and NSO shall not be less than 100% of the estimated fair value of the shares on the date of grant, and (ii) the exercise price of an ISO granted to a 10% stockholder shall not be less than 110% of the estimated fair value of the shares on the date of grant. Options generally vest 25% on the one-year anniversary of the option grant date, and then monthly for three additional years, and are exercisable for a period of 10 years after the date of grant.

Some options granted are immediately exercisable and any unvested portion of the shares acquired upon early exercise is subject to a right of repurchase by the Company upon the employee' s termination at the original purchase price. The right of repurchase lapses as the options vest, which is generally over the four-year vesting period of the related options. As of November 30, 2012 and February 29, 2012, there were 30,152 and 125,633 shares exercised that were subject to repurchase. The $10,553 and $43,972 aggregate exercise price of the options subject to repurchase as of November 30, 2012 and February 29, 2012 is recorded in other noncurrent liabilities and will be amortized to equity as the options vest.

In July 2011, the Company awarded 749,464 stock options that were subject to certain financial-based performance requirements that must be achieved by February 28, 2013, and the employee' s continued employment through February 28, 2013, before vesting can occur. For the three and nine months ended November 30, 2011, the Company had not recognized compensation expense associated with these grants because the Company believed that, based on current and expected operational results at that time, it was not probable that the associated financial performance requirements would be achieved. In March 2012, the Board of Directors approved a modification of the financial performance requirements. The modified requirements were deemed probable of achievement and, accordingly, the Company started to recognize the compensation expense related to the modified awards. For the three months and nine months ended November 30, 2012, the Company recognized $204,000 and $556,000 compensation expense related to these awards. The unrecognized compensation expense related to these options is $2,655,000 as of November 30, 2012. To the extent the Company' s estimate of the timing of achievement of the performance requirements changes in the future, the timing of recognition of the related compensation expense may change.

In September and October 2012, the Company awarded 107,250 restricted stock units to certain employees at a per share weighted average grant date fair value of $13.79. The restricted stock units vest 25% on the one year anniversary of the award grant date, and then 25% will vest each year thereafter on the annual anniversary of the award grant date for three additional years. Total compensation expense for these awards recorded in the consolidated statement of operations for the three and nine months ended November 30, 2012 was $55,000. As of November 30, 2012, none of the awards were vested or released. The unrecognized compensation expense related to these awards is $1,042,000 as of November 30, 2012 which is expected to be recognized over a weighted average period of 3.83 years.

The determination of the fair value of stock-based payment awards on the date of grant using a pricing model is affected by the Company' s stock price as well as by certain assumptions including the Company' s expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behavior, risk-free interest rates, and expected dividends. The estimated grant date fair values of the employee stock options were calculated using the Black Scholes valuation model, based on the following assumptions:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Expected term (in years)	6.05	6.05	5.99	6.08
Expected stock price volatility	51.6%	47.0%	50.0% - 55.0%	44.0% - 48.0%
Risk-free interest rate	0.8%	1.4%	0.8% - 1.3%	1.4% - 2.5%
Expected dividend yield	–	–	–	–

As of November 30, 2012 and February 29, 2012, the Company had $6,313,000 and $811,000 of unrecognized compensation expense, excluding estimated forfeitures, related to unvested stock option and awards, which are expected to be recognized over a weighted average period of 2.42 years and 2.69 years.

As of November 30, 2012 and February 29, 2012, there were 2,388,326 and 154,369 shares available for future grants under the Plan.

Activity under the Plan is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining term
Balance of options outstanding, February 29, 2012	2,816,349	$2.45	8.05 years
Options granted	464,385	12.06	
Options exercised	(208,909)	0.81	
Options canceled and forfeited	(75,200)	3.46	
Balance of options outstanding, November 30, 2012	2,996,625	3.88	7.83 years
Balance of options expected to vest as of February 29, 2012	2,190,981	2.10	7.68 years
Balance of options exercisable as of February 29, 2012	1,041,214	1.05	6.23 years
Balance of options expected to vest as of November 30, 2012	2,774,236	3.71	7.75 years
Balance of options exercisable as of November 30, 2012	1,254,987	2.01	6.54 years

The weighted average grant date fair value of the employee stock options granted during the three months ended November 30, 2012 and November 30, 2011 was $13.83 and $0.11, and for the nine months ended November 30, 2012 and November 30, 2011 was $12.06 and $0.09.

The intrinsic values of employee stock options exercised during the three months ended November 30, 2012 and November 30, 2011 was $109,000 and $43,000, and for the nine months ended November 30, 2012 and November 30, 2011 was $2,066,000 and $247,000. The intrinsic values of vested shares as of November 30, 2012 and February 29, 2012 were $15,188,749 and $1,942,000.

As of November 30, 2012 and February 29, 2012, the number of unvested options was 1,741,638 and 1,775,373. Compensation expense recorded for share-based payments amounted to $610,000 and $165,000 for the three months ended November 30, 2012 and 2011 and $1,571,000 and $410,000 for the nine months ended November 30, 2012 and 2011. No compensation expense was capitalized during the three and nine months ended November 30, 2012 and 2011.

The table below sets forth the functional classification of stock-based compensation expense for the periods presented (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Cost of revenue	$ 181	$ 46	$ 444	$ 122
Research and development	52	20	130	53
Sales and marketing	206	53	488	135
General and administrative	171	46	509	100
	$ 610	$ 165	$ 1,571	$ 410

(11) Net Income (Loss) Per Share Attributable to Common Stockholders

For the three and the nine months ended November 30, 2012 and 2011, the Company' s basic and diluted net income per share are presented in conformity with the two-class method, which is required because the Company issued securities other than common stock that participate in earnings with the common stock ("participating securities"), to compute the net income per share attributable to common stockholders. The Company determined that it had participating securities in the form of convertible preferred stock for the periods up to their conversion immediately prior to the Company' s initial public offering declared effective on July 25, 2012 when all convertible preferred shares were converted to common stock. For the three and nine months ended November 30, 2012, we calculated the net earnings (loss) allocated to preferred stockholders for the period up to their conversion, in accordance with calculating the net income (loss) attributable to common stockholders under the two-class method. For the period from March 1, 2012 (beginning of fiscal 2013) through the Company' s initial public offering in July 2012, the Company had a net loss, as such, there were no undistributed earnings allocable to preferred stockholders.

Under the two-class method, net income (loss) attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period convertible preferred stock non-cumulative dividends, between common stock and preferred stock. In computing diluted net income (loss) attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive securities. Basic net income (loss) per common share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Shares of common stock subject to repurchase resulting from the early exercise of employee stock options are considered participating securities and are therefore included in the basic weighted-average common shares outstanding. Diluted net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding, including potential dilutive common shares assuming the dilutive effect of outstanding stock options and warrants using the treasury stock method.

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

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Net income (loss) attributable to common stockholders				
Net income (loss)	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Less: undistributed earnings allocated to preferred stockholders	–	–	–	–
Net income (loss) attributable to common stockholders	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Basic shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Diluted shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Weighted average effect of dilutive stock options	–	–	1,678	–
Weighted average effect of restricted stock units			25	
Weighted average effect of convertible preferred stock	–	–	7,936	–
	25,021	5,985	25,882	5,880
Net income (loss) per share attributable to common stock holders:				
Basic	$ –	$ (0.19)	$ 0.13	$ (0.18)
Diluted	$ –	$ (0.19)	$ 0.08	$ (0.18)

The following outstanding shares, options, restricted stock units and warrants were excluded from the computation of diluted net income per share in the periods presented because including them would have had an antidilutive effect (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Options to purchase common stock	1,743	906	159	2,816
Convertible preferred stock	–	14,771	–	14,771
Preferred stock warrants	–	189	–	189
Unvested common shares subject to repurchase	38	181	–	181
Restricted stock units	107	–	–	–

(12) Fair Value Measurements

The Company’ s financial instruments include cash and cash equivalents, investments, accounts receivable, net, accounts payable, line of credit, capital lease obligations and notes payable. Accounts receivable, net, accounts payable and line of credit are stated at their carrying value, which approximates fair value, due to their short maturity. The Company estimates the fair value for capital lease obligations and notes payable by discounting the future cash flows of the lease and note payments.

Current accounting guidance defines fair value as an exchange or exit price that would be received for an asset or an exit price, or paid to transfer a liability in an orderly transaction between knowledgeable and willing market participants.

As a basis for considering such assumptions, accounting guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 − Observable inputs such as quoted prices in an active market;

Level 2 − Inputs other than the quoted prices in active markets that are observable either directly or indirectly; and

Level 3 − Unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

Observable inputs are based on market data obtained from independent sources. Unobservable inputs reflect the Company' s assessment of the assumptions market participants would use to value certain financial instruments. This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company' s assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy as of November 30, 2012 and February 29, 2012, are summarized as follows (in thousands):

	November 30, 2012				February 29, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents:								
Money market accounts	$4,391	$–	$ –	$4,391	$2,030	$–	$ –	$2,030
Money market funds	926	–	–	926	–	–	–	–
Commercial paper	–	11,798	–	11,798	–	–	–	–
Short-term investments:								
Commercial paper	–	11,480	–	11,480	–	–	–	–
Corporate debt securities	–	1,099	–	1,099	–	–	–	–
Agency bonds	–	1,854	–	1,854	–	–	–	–
Municipal bonds	–	601	–	601	–	–	–	–
Mortgage backed securities	–	412	–	412	–	–	–	–
Other current assets:								
Foreign currency forward contracts	–	55	–	55	–	158	–	158
Long-term investments:								
Corporate debt securities	–	5,225	–	5,225	–	–	–	–
Asset backed securities	–	2,666	–	2,666	–	–	–	–
Mortgage backed securities	–	1,296	–	1,296	–	–	–	–
Municipal bonds	–	499	–	499	–	–	–	–
Other noncurrent assets:								
Certificate of deposit	16	–	–	16	56	–	–	56
Total assets	$5,333	$36,985	$ –	$42,318	$2,086	$ 158	$ –	$2,244
Other current liabilities:								
Foreign currency forward contracts	–	121	–	121	–	–	–	–
Total liabilities	$–	$121	$ –	$121	$–	$–	$ –	$–

In fiscal 2012 and the nine months ended November 30, 2012, the Company sought to hedge the risks associated with exchange rate fluctuations through entry into forward exchange contracts. The contracts are classified as Level 2. The tables below present the notional amounts (at the contract exchange rates), the weighted-average contractual foreign currency exchange rates, and the estimated fair value of contracts outstanding as of November 30, 2012 and February 29, 2012 (in USD thousands, except average contract rate):

	November 30, 2012			February 29, 2012		
	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value
Foreign currency forward exchange contracts:						
Euro	$6,840	1.3	$ (125)	$4,387	1.3	$ 83
Malaysian Ringgit	(2,400)	3.1	59	(2,032)	3.1	75
Total	$4,440		$ (66)	2,355		$ 158

The Company entered into the foreign exchange contracts with two counterparties. The Company has the right of offset for gains earned and losses incurred under contracts with the same counterparty, and therefore has recorded contracts with the same counterparty on a net basis in the balance sheet.

The Company does not use derivatives for speculative or trading purposes.

(13) Significant Customer Information

Customers accounting for 10% or more of revenue or accounts receivable were as follows:

	Three months ended November 30, 2012		Three months ended November 30, 2011		Nine months ended November 30, 2012		Nine months ended November 30, 2011	
	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable
Customer A	16 %	*	*	*	13 %	*	12 %	*
Customer B	*	13 %	17 %	14 %	18	13 %	18	14 %
Customer C	*	*	*	10	10	*	*	10
Customer D	*	14	*	13	*	14	*	13

* Indicates less than 10%

The revenue from Customer B for the nine months ended November 30, 2012 included revenue associated with a material modification to an existing agreement that resulted in recognition of revenue earlier than would otherwise have occurred.

Revenue by geographic region, based on the billing address of the customer, was as follows (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Revenue by geographic region:				
Americas	$14,275	$13,174	$45,333	$35,724
Europe	4,517	1,494	11,503	6,559
Asia	171	141	491	379
Total	$18,963	$14,809	$57,327	$42,662

Countries accounting for 10% or more of revenue were as follows:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Revenue by country:				
United States	65.8 %	68.0 %	59.9 %	64.4 %
Canada	*	20.7	19.2	20.6
United Kingdom	11.4	*	*	*

* Indicates less than 10%

Item 2. Management' s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended (the "Securities Act") with the Securities and Exchange Commission (the "SEC") on July 26, 2012 (the "Prospectus"). The following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Statements that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential,", "predict", "if", "future", "project," "seek," "should," "target," "will," "would" and similar words and phrases, including the negatives of these terms, or other expressions or variations intended to identify forward-looking statements. Such statements include, but are not limited to, statements concerning market opportunity, our future financial and operating results, investment strategy, sales and marketing strategy, management' s plans, beliefs and objectives for future operations, research and development, economic and industry trends or trend analysis, expectations about seasonality, use of non-GAAP financial measures, operating expenses, taxes, capital expenditures, cash flows and liquidity. These statements are based on the beliefs and assumptions of our management based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included under Part II, Item 1A below. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We are a leading provider of cloud-based, on-demand software solutions delivered on an integrated platform that enables companies to collaborate with their trading partners to procure, manufacture, sell and distribute products more efficiently. Our software applications allow network participants to input, access and share data and execute business processes across internal operating units and external entities in a secure, real-time and cost-effective manner. We refer to the combination of our software applications delivered on our cloud-based platform, the content contributed by our network participants and our enabling services as the E2open Business Network. The E2open Business Network supports key operational business processes of our customers and their trading partners, including supply chain management, procurement, sales and finance functions. These functions enable our customers to share product information, forecasts, inventory positions, sales orders, purchase orders, manufacturing work orders, quality and environmental data, shipments, invoices and payments with their trading partners.

The accelerating trends of supply chain globalization and outsourced manufacturing and distribution have combined to increase complexity and risk for brand owners while decreasing visibility into their expanding and evolving supply chains and distribution networks. These trends have created a fundamental shift in the way companies source and distribute goods and services. They have led to an ever more complex product and service delivery paradigm which increasingly relies on specialized, globally distributed trading partners to reduce costs.

As trading networks become more complex, companies are increasingly demanding integrated solutions that facilitate not only collaborative inventory management, but also the demand and supply forecasts, procurement systems, order management and analytics required to efficiently coordinate a company' s entire business ecosystem. We believe a significant opportunity exists to help companies improve their competitive advantage by delivering the visibility and control once characteristic of vertically integrated companies while retaining the advantages of outsourcing. The ability to navigate modern supply chain complexities and to resolve problems in a timely and collaborative manner, combined with enhanced knowledge of end customer demand, is critical to enabling businesses to better match supply and demand.

Our agreements with customers are typically three years in length with billings in advance for annual use of the software solutions. The annual contract value for each customer agreement is largely related to the size of the customer, the number of solutions the customer has purchased, the number of the customer’ s unique registered users, and the maturity of our relationship with the customer. Average annual contract value can therefore fluctuate period to period depending upon the size of new customers and the pace at which we up-sell additional solutions and services to existing customers. Additionally, these new and up-sell customer agreements can create significant variability in the aggregate annual contract value of agreements signed in any given fiscal quarter.

As of November 30, 2012, we had 294 customers, of which 69 are what we refer to as Enterprise Customers who purchase both on-demand software solutions and network connectivity solutions. The remaining 225 customers purchase our network connectivity solutions directly. For the nine months ended November 30, 2012, Enterprise Customers represented 99.6% of total revenue. Our customers represent a wide range of industries and include many of the Fortune 500, among them seven of the top ten as designated in the *Gartner Supply Chain Top 25*. The E2open Business Network is a community comprised of our customers, over 34,000 unique registered trading partners and over 105,000 unique registered users.

On July 25, 2012, we sold 4,687,500 shares of common stock to the public (inclusive of 937,500 shares of common stock sold by selling stockholders) The public offering price of the shares sold in the offering was $15.00 per share. After deducting underwriting discounts and commissions and offering expenses paid by us, the aggregate net proceeds received by us totaled approximately $49.3 million.

We are headquartered in Foster City, California. We continue to expand our operations internationally. We currently generate a portion of our revenue outside the United States, including through our offices in the United Kingdom, Germany, China, France, Sweden, Malaysia and Taiwan. For the three months ended November 30, 2012 and 2011, the percentage of our revenue generated outside of the United States was 34.2% and 32.0%. For the nine months ended November 30, 2012 and 2011, the percentage of our revenue generated outside of the United States was 40.1% and 35.6%. As part of our growth strategy, we expect the percentage of our revenue generated outside of the United States to increase as we invest in and enter new and emerging markets. In 2011, we grew our sales team in Europe. In fiscal 2012, we opened an office and established a direct sales force and a sales, hosting and distribution alliance with a local partner in China. In the nine months of fiscal 2013 we opened offices in Paris, France and Stockholm, Sweden, and continued to hire sales personnel in the United States, Europe and China. We intend to make additional investments outside of the United States in order to expand our geographic reach.

Our financial objective is to create sustainable revenue, earnings and cash flow growth over the long term. Consistent with this objective, we intend to continue to invest in the development of our solutions and network. We expect to continue the aggressive expansion of our field sales organization and alliances to market our solutions both in the United States and internationally. We intend to continue making focused investments to upgrade our network infrastructure in order to improve our ability to profitably scale the business. We may also evaluate acquisitions to further augment our strategies and objectives and will base our evaluation on a number of factors which may include strategic fit, stage of company, price, geography and industry.

We face challenges and risks related to the growth of our business, similar to other software companies, including the general economic environment, aggressive competition and prospective customers electing to postpone purchase decisions or maintain the status quo. We also face challenges and risks that may be unique to our own growth initiatives. We mitigate those risks, in part, by creating a balanced portfolio of growth initiatives while managing such risks to the best of our ability based on our prior experience and operating history. For example, one of our strategies relies upon our entrance into new vertical markets. Through our experience of entering into new markets, such as the Telecommunications, Technology and Consumer Products sectors, we believe we are better prepared to enter into adjacent markets due to this experience. A subsequent strategy involves expanding our target market to include mid-market customers. We believe our understanding of the complexities surrounding our existing customers has prepared us for evaluating and transitioning our solutions to be applicable to mid-market customers. Historically, we have collaborated, and will continue to interact, with our existing customers to define our product roadmap and specific functionalities. Many of our products, which resulted from such collaboration, have been purchased by our customers. For a more detailed analysis of the risks we face, see "Risk Factors."

Sources of Revenue

Our revenue has grown from $37.7 million for the year ended February 28, 2009 to $59.7 million for the year ended February 29, 2012. We generate our revenue primarily from selling access to our cloud-based platform of on-demand software solutions, which we refer to as subscriptions and support, through our field sales organization and alliance partners. We also generate revenue from professional services by helping our customers deploy our on-demand software solutions. Our customer contracts typically have a term of three years in length and we invoice our customers for subscriptions and support in advance for annual use of our software solutions.

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
	(In thousands)			
Revenue by type:				
Subscriptions and support	$11,215	$9,315	$32,160	$26,563

Professional services	7,748	5,494	25,167	16,099
Total	$18,963	$14,809	$57,327	$42,662
Percentage of revenue by type:				
Subscriptions and support	59.1 %	62.9 %	56.1 %	62.3 %
Professional services	40.9	37.1	43.9	37.7
Total	100.0 %	100.0 %	100.0 %	100.0 %

Subscriptions and Support. We offer on-demand software solutions, which enable our customers to have constant access to our solutions without the need to manage and support the software and associated hardware themselves. We house the hardware and software in third-party facilities, and provide our customers with access to the software applications, along with data security and storage, backup and recovery services, and solution support. We invoice our customers for subscriptions and support in advance for annual use of our software solutions.

Professional Services. Professional services revenue is derived primarily from fees for enabling services, including solution consulting and solution deployment. These services are sold in conjunction with the sale of our on-demand software solutions or on a standalone basis. We provide professional services both on a fixed fee and a time and materials basis, and invoice our customers in advance, monthly, or upon reaching project milestones.

Our future revenue growth will depend on our ability to increase sales of our existing and new on-demand software solutions and services to new and existing customers. Our revenue generally fluctuates, and we expect it to continue to fluctuate, between periods due primarily to inconsistent timing of sales of our software solutions, revenue recognition requirements and seasonality, among other factors. As a result, transactions that were expected to be recognized in one period may be recognized in a subsequent period, which may materially affect our financial performance in a reporting period.

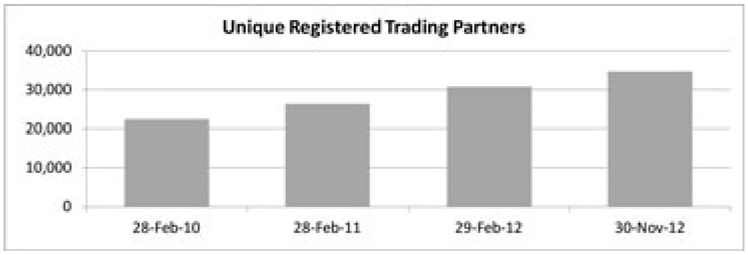
Key Operating Performance Measures

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

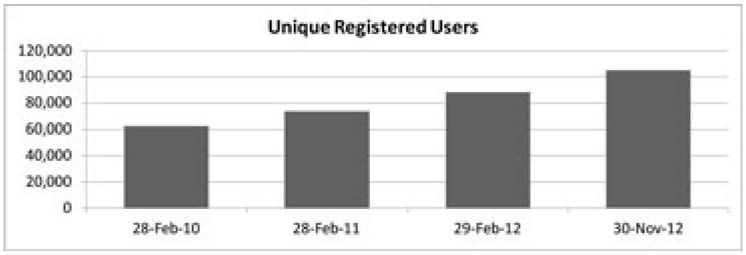
Bookings, Billings and Backlog. We generally recognize subscription and support revenue from our customer agreements ratably over the terms of those agreements. For this reason, a significant portion of our revenue in any period will be from customer agreements signed in prior periods rather than new business activity signed during such period. In order to assess our business performance with metrics that more fully reflect current period business activity, we track bookings, billings and backlog. Bookings represent the full value of customer orders or contracts signed during a reporting period. The value of our bookings is impacted by new contracts, renewals, amendments and terminations. Billings represent invoices issued to customers during the period. Backlog represents the cumulative value of bookings existing at the end of the period less the cumulative amount billed to customers. Due to the seasonality of our sales, bookings and backlog fluctuate from quarter to quarter throughout the fiscal year. During fiscal year 2012, bookings were $72.6 million, an increase of 28% over fiscal year 2011, and billings were $60.1 million, an increase of 25% over fiscal year 2011.

Number of Unique Registered Trading Partners . We define the number of unique registered trading partners as the number of distinct trading partner entities currently connected to the E2open Business Network as of the balance sheet date. We believe the number of unique registered trading partners is a key indicator of the growth of our network and both our and our customers' ability to receive the benefits of the network effects resulting from such growth. Growth in the number of unique registered trading partners depends, in part, on our ability to successfully develop and market our solutions to our existing customers and companies that have not yet become part of our network. In addition to the growth in number of these entities, we view a large, existing network as providing greater incentive and ease for new customers seeking to join if they share existing trading partners already operating on our system.

The number of unique registered trading partners in the E2open Business Network increased from 30,772 as of February 29, 2012 to 34,740 as of November 30, 2012, or by 12.9%. While growth in the number of unique registered trading partners is an important indicator of expected revenue growth, it also informs our management of areas of our business that will require further investment to support such growth.



Number of Unique Registered Users . We define the number of unique registered users as individuals within our customers' organizations and their trading partners who are currently authorized to use and access our software applications as of a balance sheet date. We view unique registered users as a key indicator of growth and whether we are providing our customers with useful tools and applications, thereby increasing user engagement. Growth in unique registered users will be driven by our business expansion, growth in the number of unique registered trading partners and improvements to features and products available to our customers. The number of unique registered users increased from 88,012 as of February 29, 2012 to 105,060 as of November 30, 2012 or by 19.4%.



Key Financial Performance Measures

We monitor the key financial metrics set forth below as well as cash and cash equivalents and available debt capacity, which are discussed in "−Liquidity and Capital Resources," to help us evaluate trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational effectiveness and efficiencies.

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
	(In thousands)			
Revenue	$18,963	$14,809	$57,327	$42,662
Gross profit	$13,097	$9,352	$40,107	$26,839
Gross margin	69.1 %	63.2 %	70.0 %	62.9 %
Net income (loss)	$(82)	$(1,113)	$2,106	$(1,086)
Adjusted EBITDA [(1)]	$1,044	$(287)	$5,327	$1,053
Operating cash flow	$1,312	$835	$(5,095)	$(1,996)
Free cash flow [(2)]	$(1,242)	$697	$(6,212)	$(2,491)

[(1)] We define Adjusted EBITDA as net income (loss) adjusted for interest and other expense, net, provision for income taxes, depreciation and amortization, and stock-based compensation expense. See "Adjusted EBITDA" below for more information and for a reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles, or GAAP.

[(2)] Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures. See "Free Cash Flow" below for more information and for a reconciliation of Free Cash Flow to net cash provided by (used in) operating activities, the most directly comparable financial measure calculated and presented in accordance with GAAP.

Gross Profit and Gross Margin. Gross profit and gross margin have been and will continue to be affected by a variety of factors, including the average sales price of our products, the mix of solutions sold, the mix of revenue between subscriptions and support and professional services, and our level of investment in operating infrastructure. Our gross profit and gross margin for the three months ended November 30, 2012 was $13.1 million, or 69.1% compared to $9.4 million, or 63.2% for the three months ended November 30, 2011, and our gross profit and gross margin for the nine months ended November 30, 2012 was $40.1 million, or 70.0% compared to $26.8 million, or 62.9% for the nine months ended November 30, 2011. We expect gross profit and gross margin to improve for fiscal 2013 compared to fiscal 2012.

Gross margin on subscriptions and support revenue was 80.6% and gross margin on professional services revenue was 52.4% for the three months ended November 30, 2012. Gross margin on subscriptions and support revenue was 80.7% and gross margin on professional services revenue was 56.3% for the nine months ended November 30, 2012. Gross margin on subscriptions and support revenue was 79.3% and gross margin on professional services revenue was 35.8% for the three months ended November 30, 2011. Gross margin on subscriptions and support revenue was 78.9% and gross margin on professional services revenue was 36.5% for the nine months ended November 30, 2011. An increase in the proportion of our total revenue generated by sales of subscriptions and support for our on-demand software applications would increase our overall margins, due to the higher margins on subscriptions and support compared to professional services. Our gross margin may also fluctuate due to the timing of revenue recognition for our on-demand software solutions and services, since our cost of revenue is recognized as incurred whereas revenue on certain arrangements with customers is recognized ratably over the contract term.

Adjusted EBITDA. Adjusted EBITDA is defined as net income (loss) adjusted for interest and other expense, net, provision for income taxes, depreciation and amortization, and stock-based compensation expense. Management believes that the use of Adjusted EBITDA provides consistency and comparability with our past financial performance, facilitates period to period comparisons of operations, and also facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their reported GAAP results.

Management believes that it is useful to exclude certain non-cash charges, such as depreciation and amortization and stock-based compensation, and non-core operational charges, such as other expense, net from Adjusted EBITDA because (1) the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and (2) such expenses can vary significantly between periods as a result of the timing of new stock-based awards, acquisitions or restructurings, as the case may be.

For the three months ended November 30, 2012, Adjusted EBITDA was $1.0 million compared to $(0.3) million for the three months ended November 30, 2011 and for the nine months ended November 30, 2012, Adjusted EBITDA was $5.3 million compared to $1.1 million for the nine months ended November 30, 2011. The fluctuation in Adjusted EBITDA resulted primarily from our continued investment in research and development and sales and marketing.

The following table presents a reconciliation of Adjusted EBITDA to net income for each of the periods indicated:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
	(In thousands)			
Reconciliation of Adjusted EBITDA				
Net income	$(82)	$(1,113)	$2,106	$(1,086)
Interest and other expense, net	53	242	317	457
Provision for income taxes	62	48	137	122
Depreciation and amortization	401	371	1,196	1,150
Stock-based compensation	610	165	1,571	410
Adjusted EBITDA	$1,044	$(287)	$5,327	$1,053

Free Cash Flow. Free cash flow is defined as net cash provided by (used in) operating activities less capital expenditures. Capital expenditures consist of purchases of property, equipment and software. The following table details our calculation (and reconciliation to net cash provided by (used in) operating activities) of free cash flow. Free cash flow is a key measure used in our internal operating reports and allows us to manage the cash available to fund our debt obligations and potential strategic initiatives. Management believes that free cash flow is useful to investors as a supplemental measure to evaluate our business over time. Further, the use of free cash flow provides consistency and comparability with our past financial performance, facilitates period to period comparisons of operations, and also facilitates comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

We have historically made significant investments in product development and in selling and marketing our solutions, resulting in net use of cash in operating activities since inception. Our free cash flow was $1.2 million for the three months ended November 30, 2012, compared to $0.7 million for the three months ended November 30, 2011, and our free cash flow was $(6.2) million for the nine months ended November 30, 2012, compared to $(2.5) million for the nine months ended November 30, 2011. The decreases in free cash flow were due primarily to increased investment in research and development, sales and marketing and deployment capacity. This is consistent with our strategy to expand our product offerings and customer base to help drive future revenue growth.

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
	(In thousands)			
Free Cash Flow Data:				
Net cash (used in) provided by operating activities	$1,312	$835	$(5,095)	$(1,996)
Capital expenditures	(70)	(138)	(1,117)	(495)
Free cash flow	$1,242	$697	$(6,212)	$(2,491)

We expect to continue to experience negative free cash flow for fiscal 2013 as we continue to invest in the development and implementation of new solutions and software applications, and expand our sales and marketing resources in order to further penetrate our market both in the United States and internationally.

Costs and Expenses

Cost of Revenue

Total cost of revenue consists of costs related to third party hosting of our equipment and delivery of our software solutions, software license fees, salaries, and benefits and personnel-related expenses included in our operations, professional services, and support departments, as well as allocated facilities, information technology and supporting overhead costs. The cost associated with providing professional services is significantly higher as a percentage of revenue than the cost associated with delivering our on-demand software applications due to the labor intensive nature of providing professional services.

Our total cost of revenue has declined in the last three fiscal years as a percentage of revenue, and while we expect absolute cost of revenue to increase as we continue to invest in our business, we expect cost of revenue to increase at a lower rate than that of our total revenue on an annual basis.

Operating Expenses

Operating expenses consist of research and development, sales and marketing, and general and administrative expenses.

Research and Development

Research and development expense consists of salaries, benefits and personnel-related expenses, software development tools, as well as allocated facilities, information technology and supporting overhead costs. We expect to continue to invest in research and development to enhance and expand our existing solutions and develop new solutions and tools for improved deployment and customer support and, consequently, we expect research and development expense to increase in absolute dollars in future periods.

Sales and Marketing

Sales and marketing expense consists of salaries, benefits and personnel-related expenses, including sales commissions, advertising and marketing materials, trade shows and other marketing events, travel and entertainment expenses, as well as an allocation of facilities, information technology and supporting overhead expenses. We intend to continue to invest in sales and marketing to pursue new customers and expand relationships with existing customers. Accordingly, we expect sales and marketing expense to increase in absolute dollars in future periods.

General and Administrative

General and administrative expense consists of salaries, benefits and personnel-related expenses for our finance, accounting, legal, human resources, facilities and information technology employees; third-party professional fees; communication expenses; allocated facilities expenses; and other administrative expenses. We expect that the costs of being a public company, including the costs of compliance with the Sarbanes-Oxley Act of 2002 and other regulations governing public companies, increased directors and officers insurance, and professional and other services, will increase our general and administrative expense in absolute dollars in future periods.

Interest and Other Expense, Net

Interest and other expense, net, consists primarily of interest income on our cash and cash equivalents, interest expense on our credit facilities, notes payable and capital leases, amortization of deferred financing fees, and foreign exchange currency transaction and translation gains and losses.

Provision for Income Taxes

We are subject to income tax in the United States as well as other jurisdictions or countries in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax. Our effective tax rates differ from the statutory rate due primarily to valuation allowances on our deferred taxes, state taxes, foreign taxes, research and development tax credits and tax contingencies.

Results of Operations

Revenue, Cost of Revenue and Gross Margin

	Three Months Ended November 30,		Change		Nine Months Ended November 30,		Change	
	2012	2011	$	%	2012	2011	$	%
	(In thousands)				(In thousands)			
Revenue								
Subscriptions and support	$11,215	$9,315	$1,900	20.4 %	$32,160	$26,563	$5,597	21.1 %
Professional services	7,748	5,494	2,254	41.0	25,167	16,099	9,068	56.3
Total revenue	18,963	14,809	4,154	28.1	57,327	42,662	14,665	34.4
Cost of revenue								
Subscriptions and support	2,175	1,928	247	12.8	6,212	5,599	613	10.9
Professional services	3,691	3,529	162	4.6	11,008	10,224	784	7.7
Total cost of revenue	5,866	5,457	409	7.5	17,220	15,823	1,397	8.8
Gross profit								
Subscriptions and support	9,040	7,387	1,653	22.4	25,948	20,964	4,984	23.8
Professional services	4,057	1,965	2,092	106.5	14,159	5,875	8,284	141.0
Total gross profit	$13,097	$9,352	$3,745	40.0 %	$40,107	$26,839	$13,268	49.4 %
Gross margin (1)								
Subscriptions and support	80.6 %	79.3 %		1.3 %	80.7 %	78.9 %		1.8 %
Professional Services	52.4	35.8		16.6	56.3	36.5		19.8
Total gross margin	69.1 %	63.2 %		5.9 %	70.0 %	62.9 %		7.1 %

(1) The table shows gross margin as a percentage of each component of revenue.

The table below sets forth the functional classification of stock-based compensation expense for the periods presented (in thousands):

	Three Months Ended November 30,		Change		Nine Months Ended November 30,		Change	
	2012	2011	$	%	2012	2011	$	%
	(In thousands)				(In thousands)			
Subscriptions and support	$ 53	$ 13	$40	307.7%	$ 127	$ 33	$94	284.8%
Professional services	128	33	95	287.9	317	89	228	256.2
	$ 181	$ 46	$135	293.5%	$ 444	$ 122	$322	263.9%

Total revenue for the three months and nine months ended November 30, 2012 was $19.0 million and $57.3 million. Subscriptions and support revenue and professional services revenue comprised 59.1% and 40.9% of total revenue for the three months ended November 30, 2012. Subscriptions and support revenue and professional services revenue comprised 56.1% and 43.9% of total revenue for the nine months ended November 30, 2012.

Total revenue for the three months ended November 30, 2012 excluded $0.5 million of revenue associated with a contract amendment that was accelerated into the quarter ended August 31, 2012, which would have been recognized in the three months ended November 30, 2012. Including this item, total revenue for the three months ended November 30, 2012 would have been $19.5 million. Subscriptions and support revenue for the three months ended November 30, 2012 would have been $11.3 million and professional services revenue for the three months ended November 30, 2012 would have been $8.2 million.

Including the revenue that was accelerated into the quarter ended August 31, 2012, total revenue increased $4.7 million, or 31.3%, for the three months ended November 30, 2012 compared to the three months ended November 30, 2011. The increase was due to a $2.0 million, or 21.1% increase in subscriptions and support and a $2.7 million, or 48.8%, increase in professional services revenue. The increase is attributable to $3.4 million of sales to new customers, and $1.2 million of sales of additional solutions and services to our existing customers.

For the three months ended November 30, 2012, we had one customer, Vodafone, that accounted for more than 10% of revenue. For the three months ended November 30, 2011, we had one customer, RIM, that accounted for more than 10% of revenue. For the three months ended November 30, 2012, revenue attributable to customers headquartered in the United Kingdom and the United States each accounted for more than 10% of total revenue. For the three months ended November 30, 2011, revenue attributable to customers headquartered in Canada and the United States each accounted for more than 10% of total revenue.

Total revenue for the nine months ended November 30, 2012 included $4.0 million of revenue accelerated from future periods associated with a contract amendment, of which $0.5 million would have been recognized in the remainder of fiscal 2013 and $3.5 million would have been recognized subsequent to fiscal 2013. Excluding the aforementioned item, total revenue for the nine months ended November 30, 2012 would have been $53.3 million. Subscriptions and support revenue for the nine months ended November 30, 2012 would have been $31.5 million and professional services revenue for the nine months ended November 30, 2012 would have been $21.8 million.

Excluding this item, total revenue increased $10.7 million, or 24.9%, for the nine months ended November 30, 2012 compared to the nine months ended November 30, 2011. The increase was due to a $5.0 million, or 18.6% increase in subscriptions and support and a $5.7 million, or 35.2%, increase in professional services revenue. The increase is attributable to $8.6 million sales to new customers, and $2.1 million of sales of additional solutions and services to our existing customers.

For the nine months ended November 30, 2012, we had three customers, Exostar, RIM and Vodafone, that each accounted for more than 10% of revenue. For the nine months ended November 30, 2011, we had two customers, RIM and Vodafone, that each accounted for more than 10% of revenue. For the nine months ended November 30, 2012 and 2011, revenue attributable to customers headquartered in Canada and the United States each accounted for more than 10% of total revenue.

Gross margin is impacted by the timing of when we record our revenue and costs related to arrangements with customers. We recognize revenue on certain arrangements ratably over the contract term or only upon completion of work performed, whereas we recognize costs as incurred. As such, this may cause our gross margins to fluctuate between periods.

Total cost of revenue increased $0.4 million, or 7.5%, for the three months ended November 30, 2012 compared to the three months ended November 30, 2011. The increase in total cost of revenue was attributable primarily to a $0.5 million increase in employee-related expenses driven by increased headcount, offset by a $0.1 million decrease in fees paid to third-party contractors.

Total cost of revenue increased $1.4 million, or 8.8%, for the nine months ended November 30, 2012 compared to the nine months ended November 30, 2011. The increase in total cost of revenue was driven primarily by increased headcount resulting in increased employee-related expenses.

Total cost of revenue fluctuates period-to-period depending on the growth of our professional services business and any associated increased costs relating to the delivery of our on-demand software solutions and professional services, as well as the timing of significant expenditures.

Operating Expenses

	Three Months Ended November 30,		Change		Nine Months Ended November 30,		Change	
	2012	**2011**	**$**	**%**	**2012**	**2011**	**$**	**%**
	(In thousands)				(In thousands)			
Operating expenses								
Research and development	$3,621	$3,401	$220	6.5 %	$11,270	$9,880	$1,390	14.1%
Sales and marketing	7,393	5,113	2,280	44.6	20,168	13,161	7,007	53.2
General and administrative	2,050	1,661	389	23.4	6,109	4,305	1,804	41.9
Total operating expenses	$13,064	$10,175	$2,889	28.4%	$37,547	$27,346	$10,201	37.3%

The table below sets forth the functional classification of stock-based compensation expense for the periods presented:

	Three Months Ended November 30,		Change		Nine Months Ended November 30,		Change	
	2012	**2011**	**$**	**%**	**2012**	**2011**	**$**	**%**
	(In thousands)				(In thousands)			
Research and development	$ 52	$ 20	$32	160.0%	$ 130	$ 53	$77	145.3%
Sales and marketing	206	53	153	288.7	488	135	353	261.5
General and administrative	171	46	125	271.7	509	100	409	409.0
	$ 429	$ 119	$310	260.5%	$ 1,127	$ 288	$839	291.3%

Research and Development

Research and development expense increased $0.2 million, or 6.5%, for the three months ended November 30, 2012 compared to the three months ended November 30, 2011. The increase was attributable to an increase of $0.2 million in employee-related costs and a $0.2 million increase in software and hardware maintenance costs, offset by a reduction of $0.1 million in fees paid to third-party contract developers. As a percentage of revenue, research and development expense was 19.1% for the three months ended November 30, 2012 and 23.0% for the three months ended November 30, 2011.

Research and development expense increased $1.4 million, or 14.1%, for the nine months ended November 30, 2012 compared to the nine months ended November 30, 2011. The increase was attributable primarily to an increase of $0.8 million in employee-related costs, a $0.4 million increase in software and hardware maintenance costs, and an increase of $0.1 million in fees paid to third-party contract developers. As a percentage of revenue, research and development expense was 19.7% for the nine months ended November 30, 2012 and 23.2% for the nine months ended November 30, 2011.

Sales and Marketing

Sales and marketing expense increased $2.3 million, or 44.6%, for the three months ended November 30, 2012 compared to the three months ended November 30, 2011. The increase was attributable to an increase in employee-related costs as we continue to expand our field sales organization globally. Average headcount in sales and marketing increased from 55 for the three months ended November 30, 2011 to 82 for the three months ended November 30, 2012.

Sales and marketing expense increased $7.0 million, or 53.2%, for the nine months ended November 30, 2012 compared to the nine months ended November 30, 2011. The increase was attributable to an increase in employee-related costs as we continue to expand our field sales organization globally. Average headcount in sales and marketing increased from 48 for the nine months ended November 30, 2011 to 78 for the nine months ended November 30, 2012.

Total sales and marketing headcount increased by 43.1% from 58 as of November 30, 2011 to 83 as of November 30, 2012. As a percentage of revenue, sales and marketing expense increased from 34.5% and 30.8% for the three and nine months ended November 30, 2011 to 39.0% and 35.2% for the three and nine months ended November 30, 2012 reflecting our investment in sales and marketing to drive revenue growth.

General and Administrative

General and administrative expense increased $0.4 million, or 23.4%, for the three months ended November 30, 2012 compared to the three months ended November 30, 2011. The increase was attributable to a $0.3 million increase in employee-related expense resulting from increased headcount to support the growth of the business and the infrastructure required to support a public company . As a percentage of revenue, general and administrative expenses was 11.2% for the three months ended November 30, 2011 and 10.8% for the three months ended November 30, 2012.

General and administrative expense increased $1.8 million, or 41.9%, for the nine months ended November 30, 2012 compared to the nine months ended November 30, 2011. The increase was driven primarily by a $1.1 million increase in employee-related expense resulting from increased headcount, a $0.2 million increase in legal and accounting fees and a $0.2 million increase in facilities and overhead costs to support the growth of the business and the infrastructure required to support a public company. As a percentage of revenue, general and administrative expenses was 10.1% for the nine months ended November 30, 2011 and 10.7% for the nine months ended November 30, 2012.

Liquidity and Capital Resources

	Nine Months Ended November 30,	
	2012	2011
	(In thousands)	
Cash and cash equivalents at the end of the period	$ 18,084	$ 10,043
Net cash used in operating activities	(5,095)	(1,996)
Net cash used in investing activities	(26,234)	(584)
Net cash provided by financing activities	39,225	2,565

As of November 30, 2012, we had total cash, cash equivalents, short-term and long-term investments of $43.2 million, including cash and cash equivalents of $18.1 million, and short-term investments in available for sale debt securities of $15.4 million. As of November 30, 2012, we also had $9.7 million of long-term investments in available for sale debt securities.

On July 31, 2012, we received proceeds from our initial public offering of $52.3 million, net of underwriting discounts and commissions, but before deducting offering expenses.

Operating Cash Flow

Our cash flow from operating activities is significantly influenced by the amount and timing of customer payments and the amount of cash we invest in personnel and infrastructure to support the anticipated future growth of our business. Net cash used in operating activities has historically resulted from losses from operations and changes in working capital.

Net cash used in operating activities was $5.1 million for the nine months ended November 30, 2012. The timing of our billings and collections relating to our sales and the timing of the payment of our liabilities have a significant impact on our cash flows. The use of cash in operating activities reflects our $2.1 million net income adjusted by non-cash stock-based compensation of $1.6 million and depreciation and amortization of $1.2 million. Additionally, we used $10.2 million from the net change in our operating assets and liabilities. The net change in our operating assets and liabilities resulted primarily from a decrease in deferred revenue of $8.8 million as a consequence of the recognition of revenue for the nine months ended November 30, 2012 associated with cash collected in previous periods, an increase in accounts receivable of $3.5 million due to the timing of collections from customers, offset by an increase in accounts payable of $1.5 million due to timing of payments to our suppliers, and a decrease of $0.6 million in prepaid expenses.

Net cash used in operating activities was $2.0 million for the nine months ended November 30, 2011. The use of cash in operating activities reflects a $(1.1) million net loss adjusted by non-cash stock-based compensation of $0.4 million and depreciation and amortization of $1.2 million. Additionally, we used $2.5 million from the net change in our operating assets and liabilities. The net change in our operating assets and liabilities resulted primarily from a decrease in deferred revenue of $1.1 million as a consequence of the recognition of revenue for the nine months ended November 30, 2011 associated with cash collected in previous periods, and an increase in accounts receivable of $2.5 million due to the timing of collections from customers. This was offset by an increase in accounts payable of $1.2 million due to the timing of payments to our suppliers.

Investing Cash Flow

Historically, our primary investing activities have consisted of capital expenditures associated with expanding our cloud-based, on-demand software solutions infrastructure and growing our workforce. For the nine months ended November 30, 2012, we invested a portion of the proceeds from our initial public offering in available for sale securities.

Net cash used in investing activities for the nine months ended November 30, 2012 was $26.2 million, which was comprised primarily of a $28.4 million purchase of investments in available-for-sale securities, and $1.1 million of capital expenditures, offset by $3.3 million in proceeds from the sale and maturities of investments in available for sale securities.

Net cash used in investing activities for the nine months ended November 30, 2011 was $0.6 million, which was comprised primarily of capital expenditures.

Financing Cash Flow

Net cash provided by financing activities for the nine months ended November 30, 2012 was $39.2 million, which was comprised primarily of $52.3 million in proceeds from our initial public offering after deducting underwriting discounts and commissions and $2.4 million in costs paid in connection with our initial public offering. We also made net payments of $9.7 million under our credit facility, and $1.9 million on our notes payable and capital lease obligation. For the nine months ended November 30, 2012, we received $0.7 million from the issuance of Series BB preferred stock upon the exercise of warrants and $0.2 million in proceeds received from the exercise of stock options during the period.

Net cash provided by financing activities for the nine months ended November 30, 2011 was $2.6 million. For the nine months ended November 30, 2011, our net borrowings under our credit facility amounted to $3.4 million. Also, during the period, we made payments of $0.9 million on our capital lease obligation and notes payable for fixed asset purchases, and incurred $0.1 million in costs in connection with our initial public offering. For the nine months ended November 30, 2011, we received $0.2 million from the issuance of Series CC preferred stock upon the exercise of warrants.

Adequacy of Capital Resources

We believe our existing cash, cash equivalents and investment balances, together with anticipated cash flow from operations, will be sufficient to meet our working capital and operating resource requirements for at least the next twelve months.

Our Indebtedness

We maintained a credit facility with Bridge Bank, National Association, or Bridge Bank, which has provided us revolving lines of credit and term loans. The total borrowing limit under the credit facility was $26.8 million, subject to borrowing base limitations. In August 2012, we paid in full all of our outstanding borrowings under the lines of credit and the term loan. The revolving line of credit terminated effective August 14, 2012 and the term loan facility was cancelled effective September 10, 2012.

Contractual Obligations, Commitments and Contingencies

We generally do not enter into long-term minimum purchase commitments. Our principal commitments, in addition to those related to our line of credit discussed above, consist of obligations under capital leases for equipment and furniture and operating leases for computer equipment and office space. The following table summarizes our outstanding contractual obligations:

	As of November 30, 2012			
	Payments Due by Period			
	Total	Less Than 1 Year	1-3 Years	3-5 Years
	(In thousands)			
Notes payable [1]	$887	$ 713	$174	$–
Capital lease obligation [1]	236	200	36	–
Operating lease obligations [2]	7,743	1,463	2,880	3,400
Total contractual obligations [3]	$8,866	$ 2,376	$3,090	$3,400

[1] In fiscal 2012 and fiscal 2011, we financed the purchase of certain software licenses and related support and maintenance, and payments of insurance premiums with notes payable and capital leases. The term of the notes and capital leases range from nine months to three years, and bear interest ranging from 3.03% to 13.13%.

[2] We lease our primary office space under noncancelable operating leases with various expiration dates through 2018.

[3] As of February 29, 2012, we had gross unrecognized tax benefits of $4.0 million and an additional $0.1 million for gross interest and penalties classified as other noncurrent liabilities in the consolidated balance sheets. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years due to uncertainties in the timing of settlement for potential tax audit outcomes. As a result, such amounts are not included in the above contractual obligations table.

Off-Balance Sheet Arrangements

During the nine months ended November 30, 2012 and 2011, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually limited purposes.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Accordingly, actual results may differ from these estimates under other assumptions or conditions.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates include those related to:

revenue recognition;

income taxes; and

stock-based compensation.

There have been no material changes to the Company’ s significant accounting policies as compared to the significant accounting policies disclosed in the Company’ s audited consolidated financial statements for the fiscal year ended February 29, 2012 included in the Company’ s final prospectus for our initial public offering dated July 25, 2012 as filed with the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is a result primarily of fluctuations in interest rates and foreign currency exchange rates. We do not hold or issue financial instruments for trading purposes.

Interest Rate Risk

We had cash, cash equivalents and investments in available for sale instruments of $43.2 million as of November 30, 2012 and $10.2 million at February 29, 2012.

Our cash and cash equivalents and investments consist of cash, money market funds and fixed income investments. Our fixed income portfolio is primarily invested in corporate bonds and commercial paper. We use a professional investment management firm to manage a large portion of our invested cash. Because the majority of our portfolio consists of cash and cash equivalents, which have a relatively short maturity, our portfolio' s fair value is relatively insensitive to interest rate changes. However, our fixed income investments carry a degree of interest rate risk. Fixed income investments may have their fair market value adversely impacted by a rise in interest rates. We believe a hypothetical 10% increase in interest rates as of November 30, 2012 would have an immaterial impact on our investment portfolio.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly the exchange rates for the Euro and the Malaysian Ringgit. For the nine months ended November 30, 2012 and the year ended February 29, 2012, we sought to hedge the risks associated with exchange rate fluctuations through entry into forward exchange contracts. The tables below present the notional amounts (at the contract exchange rates), the weighted-average contractual foreign currency exchange rates, and the estimated fair value of our contracts outstanding as of November 30, 2012 and February 29, 2012.

	As of November 30, 2012			As of February 29, 2012		
	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value
	(Dollars in thousands except average contract rates)					
Foreign currency forward exchange contracts:						
Euro	$ 6,840	1.3	$ (125)	$ 4,387	1.3	$ 83
Malaysian Ringgit	(2,400)	3.1	59	(2,032)	3.1	75
Total	$ 4,440		$ (66)	$ 2,355		$ 158

We entered into the foreign exchange contracts with two counterparties. Typically, we have the right of offset for gains earned and losses incurred under contracts with the same counterparty, and we therefore record contracts with the same counterparty on a net basis on our balance sheet.

The following table presents a sensitivity analysis of our foreign forward exchange contract portfolio using a statistical model to estimate the potential gain or loss in fair value that could arise from hypothetical appreciation or depreciation of foreign currency.

	As of November 30, 2012				
Foreign Forward Exchange Contracts	Value of Contracts Given X% Appreciation of Foreign Currency		Notional Amount Sell (Buy)	Value of Contracts Given X% Depreciation of Foreign Currency	
	10%	5%		-5%	-10%

			(In thousands)		
Euro	$ 6,156	$ 6,498	$6,840	$ 7,182	$ 7,524
Malaysian Ringgit	(2,160)	(2,280)	(2,400)	(2,520)	(2,640)

	As of February 29, 2012				
Foreign Forward Exchange Contracts	Value of Contracts Given X% Appreciation of Foreign Currency		Notional Amount Sell (Buy)	Value of Contracts Given X% Depreciation of Foreign Currency	
	10%	5%		-5%	-10%
			(In thousands)		
Euro	$ 3,949	$ 4,168	$4,387	$ 4,607	$ 5,068
Malaysian Ringgit	(1,829)	(1,931)	(2,032)	(2,134)	(2,347)

As our international operations continue to grow, we may choose to utilize more foreign currency forward and option contracts to manage currency exposures.

We do not use derivative financial instruments for speculative or trading purposes; however, this does not mean that we may not adopt specific hedging strategies in the future.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of November 30, 2012. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC' s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company' s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of November 30, 2012, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the quarter ended November 30, 2012, we implemented additional controls to address the material weakness reported in the Quarterly Report on Form 10-Q for the quarter ended August 31, 2012. There was no other change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently engaged in any material legal proceedings.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties including those described below. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially adversely affected. In that case, the trading price of our common stock could decline.

Risks Related to Our Business and Industry

We have incurred operating losses in the past and may incur operating losses in the future.

We began our operations in 2000. Throughout most of our history, we have experienced net losses and negative cash flows from operations. As of November 30, 2012 and February 29, 2012, we had an accumulated deficit of $338.5 million and $340.6 million. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, as a public company, we incur legal, accounting and other expenses that we did not incur as a private company. If our revenue does not grow to offset these increased expenses, we will not be profitable. We cannot assure you that we will be able to achieve or maintain profitability. You should not consider recent revenue growth as indicative of our future performance.

If we are unable to attract new customers or sell additional products to our existing customers, our revenue growth and profitability will be adversely affected.

To increase our revenue and achieve and maintain profitability, we must regularly add new customers or sell additional solutions to our existing customers, which we plan to do. Numerous factors, however, may impede our ability to add new customers and sell additional solutions to our existing customers, including our inability to convert companies that have been referred to us by our existing network into paying customers, failure to attract and effectively train new sales and marketing personnel, failure to retain and motivate our current sales and marketing personnel, failure to develop relationships with resellers or failure to ensure the effectiveness of our marketing programs. In addition, if prospective customers do not perceive our solutions to be of sufficiently high value and quality, we will not be able to attract the number and types of new customers that we are seeking.

We derive a significant portion of our revenue from a relatively small number of customers, and our growth depends on our ability to retain existing customers and add new customers.

We derive a significant percentage of our revenue from a relatively small number of customers, and the loss of any one or more of those customers for any reason, including without limitation, early termination of our contract with them could decrease our revenue and harm our current and future results of operations. For example, RIM may terminate its agreement with us upon 90 days written notice. For the nine months ended November 30, 2012, our top ten customers accounted for 73.1% of our total revenue, and three customers each accounted for at least 10% of our total revenue; Exostar accounted for 10.0% of our total revenue, Vodafone accounted for 13.4% of our total revenue and RIM accounted for 17.6% of our total revenue. Although our largest customers may vary from period to period, we anticipate that we will continue to depend on revenue from a relatively small number of customers.

We encounter long sales cycles, particularly with our larger customers, and seasonality in sales, which could have an adverse effect on the amount, timing and predictability of our revenue.

Our products have lengthy sales cycles, which typically extend from four to 12 months and may in some instances take longer than one year. Potential and existing customers, particularly larger enterprises, often commit significant resources to an evaluation of available solutions and services and require us to expend substantial time and resources in connection with our sales efforts. The length of our sales cycles also varies depending on the type of customer to which we are selling, the product being sold and customer requirements. We may incur substantial sales and marketing expenses and expend significant management effort during this time, regardless of whether we make a sale. Many of the risks relating to sales processes are beyond our control, including:

Our customers' budgetary and scheduling constraints;

The timing of our customers' budget cycles and approval processes;

Our customers' willingness to augment or replace their currently deployed software products; and

General economic conditions.

As a result of the lengthy and uncertain sales cycles of our products and services, it is difficult for us to predict when customers may purchase products or services from us, thereby affecting when we can recognize the associated revenue, and our results of operations may vary significantly and may be adversely affected. The length of our sales cycle makes us susceptible to having pending transactions delayed or terminated by our customers if they decide to delay or withdraw funding for information technology, or IT, projects. Our customers may decide to delay or withdraw funding for IT projects for various reasons, including global economic cycles and capital market fluctuations.

In addition, we may experience seasonality in the sales of our solutions. For instance, historically, the agreements we have signed in our fiscal first quarter have had an aggregate value less than that of the agreements signed in our preceding fiscal fourth quarter. Seasonal variations in our sales may lead to significant fluctuations in our cash flows and deferred revenue on a quarterly basis. If we experience a delay in signing or a failure to sign a significant customer agreement in any particular quarter, then our results of operations for such quarter and for subsequent quarters may be below the expectations of securities analysts or investors, which may result in a decline in our stock price.

Our quarterly results of operations may fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts which could cause our stock price to decline.

Our quarterly revenue and results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including, but not limited to, those listed below:

Demand for and market acceptance of our products;

Our ability to retain and increase sales to customers and attract new customers;

The timing of product deployment which determines when we can recognize the associated revenue;

The timing and success of introductions of new solutions or upgrades by us or our competitors;

The strength of the economy;

Changes in our pricing policies or those of our competitors;

Competition, including entry into the industry by new competitors and new offerings by existing competitors;

The impact of seasonality on our business;

The amount and timing of expenditures related to expanding our operations, research and development or introducing new solutions; and

Changes in the payment terms for our solutions.

Due to the foregoing factors, and the other risks discussed in this prospectus, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

We operate in an emerging and evolving market, which may make it difficult to evaluate our business and future prospects. If this market does not develop or develops more slowly than we expect, our revenue may decline or fail to grow, and we may incur additional operating losses.

The market for trading network solutions, including our integrated platform, is in an early stage of development, and it is uncertain how rapidly this market will develop, and even if it does develop, whether our software and solutions will achieve and sustain high levels of demand and market acceptance. In addition, we sell our solutions as an on-demand, SaaS solution, which is an alternative to the traditional licensed hardware and software solutions, and solutions developed in-house to which many of our customers or potential customers are accustomed. Our software relies on the acceptance and proliferation of cloud computing, which may not be widespread or happen in a timely fashion.

Some companies may be reluctant or unwilling to use our solutions for a number of reasons, including existing investments in demand and supply network management technology. For example, supply chain management functions traditionally have been performed using purchased or licensed hardware and software implemented by each company in the supply chain. Because this traditional approach often requires significant initial investments to purchase the necessary technology and to establish systems that comply with customers' unique requirements, suppliers may be unwilling to abandon their current options for our integrated, multi-enterprise solution.

Other factors that may limit market acceptance of our solutions include:

Our ability to maintain high levels of customer satisfaction;

Our ability to maintain availability of service across all users of our products;

The price, performance and availability of competing products;

Our ability to address confidentiality concerns about information stored outside of our customers' controlled computing environments; and

Concerns about data protection and confidentiality of data stored in the United States, for customers with headquarters outside of the United States.

If companies do not perceive or value the benefits of our solutions, or if companies are unwilling to accept our platform as an alternative to the traditional approach, the market for our products might not continue to develop or might develop more slowly than we expect, either of which would significantly adversely affect our revenue and growth prospects.

Downturns in general economic and market conditions and reductions in IT spending may reduce demand for our solutions, which could negatively affect our revenue, results of operations and cash flows.

Our revenue, results of operations and cash flows depend on the overall demand for our solutions. Concerns about the systemic impact of a potential widespread recession, energy costs, geopolitical issues, the availability and cost of credit and the global housing and mortgage markets have contributed to increased market volatility, decreased consumer confidence and diminished growth expectations in the U.S. economy and abroad. This in turn has resulted in reductions in IT spending by some of our customers.

Further worsening, broadening or protracted extension of the economic downturn could have a significant negative impact on our business, revenue, results of operations and cash flows. Prolonged economic slowdowns may result in customers requiring us to renegotiate existing contracts on less advantageous terms to us than those currently in place or defaulting on payments due on existing contracts.

Furthermore, during weak economic times, there is an increased risk that one or more of our customers will file for bankruptcy protection, which may adversely affect our revenue, profitability and results of operations. If a customer files for bankruptcy, we may be required to forego collection of pre-petition amounts owed and to repay amounts remitted to us during the 90-day preference period preceding the filing, which may be significant due to extended payment terms for software contract fees, and significant billings for professional services on large projects. We also face risk from international customers that file for bankruptcy protection in foreign jurisdictions, in that the outcome of the application of foreign bankruptcy laws may be more difficult to predict. In addition, we may determine that the cost of pursuing any claim may outweigh the recovery potential of such claim.

If we are unable to develop new products and services, sell our solutions into new markets or further penetrate our existing markets, our revenue will not grow as expected.

Our ability to attract new customers and increase revenue from existing customers will depend in large part on our ability to enhance and improve our solutions, to introduce new products and services in a timely manner, to sell into new markets and to further penetrate our existing markets. The success of any enhancement or new product or service depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or new product or service. Any new product or service we develop or acquire may not be introduced in a timely or cost-effective manner and may not achieve the broad market acceptance necessary to generate significant revenue. Any new markets into which we attempt to sell our solutions, including new vertical markets and new countries or regions, may not be receptive. If we are unable to successfully develop or acquire new products or services, enhance our existing products or services to meet customer requirements, sell products and services into new markets or sell our products and services to additional customers in our existing markets, our revenue will not grow as expected. Moreover, we are frequently required to enhance and update our products and services as a result of changing standards and technological developments, which makes it difficult to recover the cost of development and forces us to continually qualify new products with our customers.

If we do not maintain the compatibility of our solutions with third-party applications that our customers use in their business processes, demand for our solutions could decline.

Our solutions can be used alongside a wide range of other systems, such as enterprise software systems and business software applications used by our customers in their businesses. If we do not support the continued integration of our solutions with third-party applications, including through the provision of application programming interfaces that enable data to be transferred readily between our solutions and third-party applications, demand for our solutions could decline, and we could lose sales. We will also be required to make our solutions compatible with new or additional third-party applications that are introduced into the markets that we serve. We may not be successful in making our solutions compatible with these third-party applications, which could reduce demand for our solutions. In addition, prospective customers, especially large enterprise customers, may require heavily customized features and functions unique to their business processes. If prospective customers require customized features or functions that we do not offer, then the market for our solutions will be adversely affected.

Our inability to adapt to rapid technological change could impair our ability to remain competitive.

The industry in which we compete is characterized by rapid technological change, frequent introductions of new products and evolving industry standards. Our ability to attract new customers and increase revenue from customers will depend in significant part on our ability to anticipate industry standards and to continue to enhance existing solutions or introduce or acquire new solutions on a timely basis to keep pace with technological developments. The success of any enhancement or new solution depends on several factors, including the timely completion and market acceptance of the enhancement or new solution. Any new solution we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of our competitors implements new technologies before we are able to implement them, those competitors may be able to provide more effective solutions than ours at lower prices. Any delay or failure in the introduction of new or enhanced solutions could adversely affect our business, results of operations and financial condition.

Our solutions are complex and customers may experience difficulty in implementing or upgrading our products successfully or otherwise achieving the benefits attributable to our products.

Due to the scope and complexity of the solutions that we provide, our implementation cycle can be lengthy and unpredictable. Our products may require modification or customization and must integrate with many existing computer systems and software programs of our customers and their trading partners. This can be time-consuming and expensive for our customers and can result in delays in the implementation and deployment of our products. As a result, some customers have had, and may in the future have, difficulty implementing our products successfully or otherwise achieving the expected benefits of our products. Delayed or ineffective implementation or upgrades of our software may limit our future sales opportunities, impact revenue, delay deployment of security patches, result in customer dissatisfaction and harm our reputation.

The markets in which we participate are highly competitive, and our failure to compete successfully would make it difficult for us to add and retain customers and would reduce or impede the growth of our business.

The markets for supply chain management solutions are increasingly competitive and global. We expect competition to increase in the future both from existing competitors and new companies that may enter our markets. Increased competition could result in pricing pressure, reduced sales, lower margins or the failure of our solutions to achieve or maintain broad market acceptance. We currently face, or may face in the future, competition from:

SaaS providers that deliver B2B information systems;

Traditional on-premise software providers; and

Managed service providers that combine traditional on-premise software with professional information technology services.

To remain competitive, we will need to invest continuously in software development, marketing, customer service and support and product delivery infrastructure. However, we cannot assure you that new or established competitors will not offer solutions that are superior to or lower in price than ours. We may not have sufficient resources to continue the investments in all areas of software development and marketing needed to maintain our competitive position. In addition, some of our competitors have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources than us, which may provide them with an advantage in developing, marketing or servicing new solutions. Increased competition could reduce our market share, revenue and operating margins, increase our operating costs and otherwise adversely affect our business.

If we are unable to manage our diverse and complex operations, our reputation in the market and our ability to generate revenue from new or existing customers may be adversely affected.

Because our operations are geographically diverse and complex, our personnel resources and infrastructure could become strained and our reputation in the market and our ability to successfully implement our business plan may be adversely affected. We have experienced a period of rapid growth in our headcount and operations. For the nine months ended November 30, 2012, our employee headcount grew from 332 to 370. The growth in the size, complexity and diverse nature of our business and the expansion of our product lines and customer base have placed increased demands on our management and operations, and further growth, if any, may place additional strains on our resources in the future. Our ability to effectively compete and to manage our planned future growth will depend on, among other things, the following:

Maintaining continuity in our senior management and key personnel;

Increasing the productivity of our existing employees;

Attracting, retaining, training and motivating our employees, particularly our technical and management personnel;

Deploying our solutions using third-party systems integrators, which will require changes to our applications, documentation and operational processes;

Improving our operational, financial and management controls; and

Improving our information reporting systems and procedures.

If we do not manage the size, complexity and diverse nature of our business effectively, we could experience delayed software releases and longer response times for assisting our customers with implementation of our products and services, and could lack adequate resources to support our customers on an ongoing basis, any of which could adversely affect our reputation in the market, our ability to successfully implement our business plan and our ability to generate revenue from new or existing customers.

If we fail to retain our key employees, our business would be harmed and we might not be able to implement our business plan successfully.

Given the complex nature of the technology on which our business is based and the speed with which such technology advances, our future success is dependent, in large part, upon our ability to attract and retain highly qualified managerial, technical and sales personnel. In particular, Mark E. Woodward, our Chief Executive Officer, is critical to the management of our business and operations. Competition for talented personnel is intense, and we cannot be certain that we can retain our managerial, technical and sales personnel or that we can attract, assimilate or retain such personnel in the future. Our inability to attract and retain such personnel could have an adverse effect on our business, results of operations and financial condition.

Our growth is dependent upon the continued development of our direct sales force.

We believe that our future growth will depend on the continued development of our direct sales force and their ability to obtain new customers, particularly large enterprise customers, and to manage our existing customer base. Our ability to achieve significant growth in revenue in the future will depend, in large part, on our success in recruiting, training and retaining a sufficient number of direct sales personnel. New sales personnel require significant training and may, in some cases, take more than a year before becoming productive, if at all. If we are unable to hire and develop sufficient numbers of productive direct sales personnel, sales of our software and services will suffer and our growth will be impeded.

If we experience significant fluctuations in our rate of anticipated growth and fail to balance our expenses with our revenue forecasts, our results could be harmed.

Due to our evolving business model and the unpredictability of future general economic and financial market conditions, we may not be able to accurately forecast our rate of growth. We plan our expense levels and investment on estimates of future revenue and future anticipated rate of growth. We may not be able to adjust our spending quickly enough if the addition of new subscriptions or the renewal rate for existing subscriptions falls short of our expectations. As a result, we expect that our revenues, operating results and cash flows may fluctuate significantly on a quarterly basis. We believe that period to period comparisons of our revenues, operating results and cash flows may not be meaningful and should not be relied upon as an indication of future performance.

Interruptions or delays in the services provided by third-party data centers and/or internet service providers could impair the delivery of our solutions and our business could suffer.

In North America, we host our solutions in Equinix co-location facilities in Sunnyvale and San Jose, California and a suburb of Chicago, Illinois. Exostar hosts our solutions for the aerospace and defense industry in third party data centers and with third-party internet service providers outside of Washington, D.C. All of our solutions reside on hardware owned or leased and operated by us and Exostar in these locations. In China, we host our solutions in a data center in Shanghai operated by Shanghai Telecom. Our operations depend on the protection of the equipment and information we store in these third-party data centers and which third-party internet service providers transmit against damage or service interruptions that may be caused by fire, flood, severe storm, earthquake, power loss, telecommunications failures, unauthorized intrusion, computer viruses and disabling devices, natural disasters, war, criminal act, military action, terrorist attack and other similar events beyond our control. A prolonged service disruption affecting our solutions for any of the foregoing reasons could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers from whom we receive recurring revenue or otherwise adversely affect our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data centers we use.

Our solutions are accessed by a large number of customers often at the same time. As we continue to expand the number of our customers and solutions available to our customers, we may not be able to scale our technology to accommodate the increased capacity requirements, which may result in interruptions or delays in service. In addition, the failure of our third-party data centers or third-party internet service providers to meet our capacity requirements could result in interruptions or delays in access to our solutions or impede our ability to scale our operations. In the event that our data center or third-party internet service provider arrangements are terminated, or there is a lapse of service, interruption of internet service provider connectivity, or damage to such facilities, we could experience interruptions in access to our solutions as well as delays and additional expense in arranging new facilities and services.

We may experience service failures or interruptions due to defects in the software, infrastructure, third-party components or processes that comprise our existing or new solutions, any of which could adversely affect our business.

Our products may contain undetected defects in the software, infrastructure, third-party components or processes that are part of the solutions we provide. If these defects lead to service failures after introduction of a solution or an upgrade to the solution, we could experience delays or lost revenue during the period required to correct the cause of the defects. We cannot be certain that defects will not be found in new solutions or upgraded solutions, resulting in loss of, or delay in, market acceptance, which could have an adverse effect on our business, results of operations and financial condition.

Because customers use our solutions for critical business processes, any defect in our solutions, any disruption to our solutions or any error in execution could cause recurring revenue customers to cancel their contracts with us, prevent potential customers from purchasing our solutions and harm our reputation. Although our contracts with our customers limit our liability to our customers for these defects, disruptions or errors, we nonetheless could be subject to litigation for actual or alleged losses to our customers' businesses, which may require us to spend significant time and money in litigation or arbitration or to pay significant settlements or damages. We do not currently maintain any warranty reserves. Defending a lawsuit, regardless of its merit, could be costly and divert management' s attention and could cause our business to suffer.

The insurers under our existing liability insurance policy could deny coverage of a future claim that results from an error or defect in our technology or a resulting disruption in our solutions, or our existing liability insurance might not be adequate to cover all of the damages and other costs of such a claim. Moreover, we cannot assure you that our current liability insurance coverage will continue to be available to us on acceptable terms or at all. The successful assertion against us of one or more large claims that exceeds our insurance coverage, or the occurrence of changes in our liability insurance policy, including an increase in premiums or imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations. Even if we succeed in litigation with respect to a claim, we are likely to incur substantial costs and our management' s attention will be diverted from our operations.

We may be required to defer recognition of some of our revenue, which may adversely affect our financial results in any given period.

We may be required to defer recognition of revenue for a significant period of time after entering into an agreement due to a variety of factors, including whether:

The transaction involves both current on-demand software solutions and on-demand software solutions that are under development;

The customer requires significant modifications, configurations or complex interfaces that could delay delivery or acceptance of our solutions;

The transaction involves extended payment terms;

The transaction involves acceptance criteria or other terms that may delay revenue recognition; or

The transaction involves performance milestones or payment terms that depend upon contingencies.

Because of these factors and other specific revenue recognition requirements under generally accepted accounting principles in the United States, or GAAP, we must have very precise terms in our contracts in order to recognize revenue when we initially provide access to our software solutions or perform services. Although we strive to enter into agreements that meet the criteria under GAAP for current revenue recognition on delivered elements, our agreements are often subject to negotiation and revision based on the demands of our customers. The final terms of our agreements sometimes result in deferred revenue recognition well after the time of delivery, which may adversely affect our financial results in any given period. In addition, because of prevailing economic conditions, more customers may require extended payment terms, shorter term contracts or alternative licensing arrangements that could reduce the amount of revenue we recognize upon delivery of our solutions and could adversely affect our short-term profitability.

Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period. Accordingly, actual results could differ significantly from our estimates.

If we are unable to substantially utilize our net operating loss carryforward, our future cash tax liability may increase.

As of February 29, 2012, our net operating loss, or NOL, carryforward amounts for U.S. federal income and state tax purposes were approximately $316.5 million and $118.3 million. Under Section 382 of the Internal Revenue Code, a corporation that undergoes an “ownership change” may be subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. In general, an ownership change occurs if the aggregate stock ownership of certain stockholders (generally 5% stockholders, applying certain look-through and aggregation rules) increases by more than 50% over such stockholders’ lowest percentage ownership during the testing period (generally three years). We believe that there was an ownership change in a prior year, which resulted in an annual NOL limitation. In addition, new issuances of our common stock, which is within our control, and purchases of our common stock in amounts greater than specified levels, which will be beyond our control, could create an additional limitation on our ability to utilize our NOLs for tax purposes in the future. Limitations imposed on our ability to utilize NOLs could cause U.S. federal and state income taxes to be paid earlier than would be paid if such limitations were not in effect and could cause such NOLs to expire unused, in each case reducing or eliminating the benefit of such NOLs. Furthermore, we may not be able to generate sufficient taxable income to utilize our NOLs before they expire. If any of these events occur, we may not derive some or all of the expected benefits from our NOLs. In addition, at the state level there may be periods during which the use of NOLs is suspended or otherwise limited, which would accelerate or may permanently increase state taxes owed.

A failure to protect the integrity and security of our customers' information could expose us to litigation, materially damage our reputation and harm our business. Furthermore, the unanticipated costs of protecting against such a failure could adversely affect our results of operations.

Our business involves the collection and use of confidential information of our customers and their trading partners. We cannot assure you that our efforts to protect this confidential information will be successful. If any compromise of this information security were to occur, we could be subject to legal claims and government action, experience an adverse effect on our reputation and need to incur significant additional costs to protect against similar information security breaches in the future, each of which could adversely affect our financial condition, results of operations and growth prospects. In addition, because of the critical nature of data security, any perceived breach of our security measures could cause existing or potential customers not to use our solutions and could harm our reputation.

Evolving regulation of the Internet may increase our expenditures related to compliance efforts, which may adversely affect our financial condition.

As Internet commerce continues to evolve, increasing regulation by federal, state or foreign agencies becomes more likely. We are particularly sensitive to these risks because the Internet and cloud computing are critical components of our business model. For example, we believe that increased regulation is likely in the area of data privacy on the Internet, and laws and regulations applying to the solicitation, collection, processing or use of personal or consumer information could affect our customers' ability to use and share data, potentially reducing demand for solutions accessed via the Internet and restricting our ability to store, process and share data with our clients via the Internet. In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business.

If we fail to protect our intellectual property and proprietary rights adequately, our business could be adversely affected.

We believe that proprietary technology is essential to establishing and maintaining our leadership position. We seek to protect our intellectual property through trade secrets, copyrights, confidentiality, non-compete and nondisclosure agreements, patents, trademarks, domain names and other measures, some of which afford only limited protection. We also rely on patent, trademark, trade secret and copyright laws to protect our intellectual property. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our technology or to obtain and use information that we regard as proprietary. We cannot assure you that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar or superior technology or design around our intellectual property. In addition, the laws of some foreign countries do not protect our proprietary rights to as great an extent as the laws of the United States. Intellectual property protections may also be unavailable, limited or difficult to enforce in some countries, which could make it easier for competitors to capture market share. Our failure to adequately protect our intellectual property and proprietary rights could adversely affect our business, financial condition and results of operations.

An assertion by a third party that we are infringing its intellectual property could subject us to costly and time-consuming litigation or expensive licenses which could harm our business.

The industries in which we compete are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. As we seek to extend our solutions, we could be constrained by the intellectual property rights of others. In addition, our customer contracts require us to indemnify our customers against certain liabilities they may incur as a result of our infringement of any third-party intellectual property.

We might not prevail in any intellectual property infringement litigation given the complex technical issues and inherent uncertainties in such litigation. Defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays or require us to enter into royalty or licensing agreements. Furthermore, if our solutions exceed the scope of in-bound licenses or violate any third-party proprietary rights, we could be required to withdraw those solutions from the market, re-develop those solutions or seek to obtain licenses from third parties, which might not be available on reasonable terms or at all. Any efforts to re-develop our solutions, obtain licenses from third parties on favorable terms or license a substitute technology might not be successful and, in any case, might substantially increase our costs and harm our business, financial condition and results of operations. If we were compelled to withdraw any of our solutions from the market, our business, financial condition and results of operations could be harmed.

The use of open source software in our products may expose us to additional risks and harm our intellectual property.

We incorporate open source software into our platform. Given the nature of open source software, third parties might assert copyright and other intellectual property infringement claims against us based on our use of certain open source software programs. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our solutions. In that event, we could be required to seek licenses from third parties in order to continue offering our solutions, to re-develop our solutions, to discontinue sales of our solutions or to release our proprietary software code under the terms of an open source license, any of which could adversely affect our business.

Some of our products use or incorporate software that is subject to one or more open source licenses. Open source software is typically freely accessible, usable and modifiable. Certain open source software licenses require a user who intends to distribute the open source software as a component of the user' s software to disclose publicly part or all of the source code to the user' s software. In addition, certain open source software licenses require the user of such software to make any derivative works of the open source code available to others on unfavorable terms or at no cost. This can subject previously proprietary software to open source license terms.

While we monitor the use of all open source software in our products, processes and technology and try to ensure that no open source software is used in such a way as to require us to disclose the source code to the related product or solution when we do not wish to do so, such use may have inadvertently occurred in deploying our proprietary solutions. Additionally, if a third-party software provider has incorporated certain types of open source software into software we license from such third party for our products and solutions, we could, under certain circumstances, be required to disclose the source code to our products and solutions. This could harm our intellectual property position and have a material adverse effect on our business, results of operations and financial condition.

Our strategy includes pursuing acquisitions and our potential inability to successfully integrate newly-acquired companies or businesses may adversely affect our financial results.

We believe part of our growth will be driven by acquisitions of other companies or their businesses. Any acquisitions we complete will give rise to risks, including:

Incurring significantly higher than anticipated capital expenditures and operating expenses;

Failing to assimilate the operations and personnel or failing to retain the key personnel of the acquired company or business;

Failing to integrate the acquired technologies, or incurring significant expense to integrate acquired technologies into our solutions;

Disrupting our ongoing business;

Incurring significant accounting charges;

Dissipating our management resources;

Failing to maintain uniform standards, controls and policies;

Impairing relationships with employees and customers as a result of changes in management;

Finding that the acquired company, asset or technology does not further our business strategy, that we overpaid for the company, asset or technology or that we may be required to write off acquired assets or investments partially or entirely;

Not realizing the expected synergies of the transaction;

Facing delays in customer purchases due to difficulty in retaining customers of acquired businesses;

Exposure to unforeseen liabilities and contingencies that were not identified prior to acquiring the company; and

An inability to generate sufficient revenue from acquisitions to offset the associated acquisition costs.

Fully integrating an acquired company or business into our operations may take a significant amount of time. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered with acquisitions. To the extent we do not successfully avoid or overcome the risks or problems related to any acquisitions, our results of operations and financial condition could be adversely affected. Acquisitions also could impact our financial position and capital needs, and could cause substantial fluctuations in our quarterly and annual results of operations. Acquisitions could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings. We may incur significant costs in our efforts to engage in strategic transactions and these expenditures may not result in successful acquisitions.

Future acquisitions of technologies or companies, which are paid for partially or entirely through the issuance of stock or stock rights, could dilute the ownership of our existing stockholders.

We expect that the consideration we might pay for any future acquisitions of companies or technologies could include stock, rights to purchase stock, cash or some combination of the foregoing. If we issue stock or rights to purchase stock in connection with future acquisitions, net income (loss) per share and then-existing holders of our common stock may experience dilution.

Mergers or other strategic transactions involving our competitors could weaken our competitive position, which could harm our results of operations.

Our industry is highly fragmented, and we believe it is likely that some of our existing competitors will consolidate or will be acquired. In addition, some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, third-party consulting firms or other parties. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and our loss of market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could have a material adverse effect on our business, results of operations and financial condition.

We may not receive significant revenue as a result of our current research and development efforts.

We have made and expect to continue to make significant investments in research and development and related product opportunities. For the nine months ended November 30, 2012, we spent $11.3 million on research and development expenses. High levels of expenditures for research and development could adversely affect our results of operations if not offset by corresponding future revenue increases. 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, it is difficult to estimate when, if ever, we will receive significant revenue as a result of these investments.

We incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our results of operations and our ability to attract and retain qualified executives and board members.

As a public company, we incur legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting and corporate governance requirements. These requirements include compliance with Section 404 and other provisions of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, as well as rules implemented by the Securities and Exchange Commission, or SEC, The NASDAQ Stock Market, or NASDAQ, and other applicable securities or exchange-related rules and regulations. In addition, our management team also has to adapt to the requirements of being a public company. We expect complying with these rules and regulations will substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly.

The increased costs associated with operating as a public company decreases our net income or increase our net loss, and may require us to reduce costs in other areas of our business or increase the prices of our products or services. Additionally, if these requirements divert our management' s attention from other business concerns, our results of operations could be adversely effected.

However, for as long as we remain an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding an annual nonbinding advisory vote on executive compensation and seeking nonbinding stockholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an "emerging growth company."

We will remain an "emerging growth company" for up to five years, although we would cease to be an "emerging growth company" prior to such time if we have more than $1.0 billion in annual revenue, more than $700 million in market value of our common stock is held by non-affiliates or we issue more than $1.0 billion of non-convertible debt over a three-year period.

As a public company, it may be more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as our executive officers.

We rely significantly on recurring revenue, which may decline or fail to be renewed, and our future results of operations could be harmed.

Our revenue from subscriptions to our software and software-related support services accounted for approximately 56% of our total revenue for the nine months ended November 30, 2012. Revenue from our subscriptions is recognized over the contractual term of the license, which is typically three years, and is generally recurring in nature. Sales of new or recurring subscriptions and software-related support service contracts and renewals after expiration of the initial term may decline or fluctuate as a result of a number of factors, including end customers' level of satisfaction with our software solutions, the prices of our software solutions, the prices of products and services offered by our competitors or reductions in our customers' spending levels. A software industry-wide movement towards shorter contractual license terms led by other SaaS providers, which competitive pressures may compel us to follow, could lead to increased volatility and diminished visibility into future recurring revenue. If our sales of new or recurring subscriptions and software related support service contracts decline, our revenue and revenue growth may decline, and our business will suffer.

Because we recognize revenue from subscriptions and support services over the term of the relevant service period, downturns or upturns in sales are not immediately fully reflected in our results of operations.

We recognize recurring subscriptions and software-related support services revenue monthly over the term of the relevant service period, which is typically three years. As a result, much of the revenue we report each quarter is the recognition of deferred revenue from recurring subscriptions and software-related support service contracts entered into during previous quarters. Consequently, a decline in new or renewed recurring subscriptions and software-related support service contracts in any one quarter will not be fully reflected in revenue in that quarter, but will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in new or renewed sales of our recurring subscriptions and software-related support services are not reflected in full in our results of operations until future periods. Revenue from our recurring subscriptions and software-related support services also makes it difficult for us to rapidly increase our revenue through additional service sales in any period, as revenue from new and renewal software-related service contracts must be recognized over the applicable service period.

Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future could reduce our ability to compete successfully and adversely affect our results of operations.

We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms, if at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests and the value of shares of our common stock could decline. If we engage in debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, if at all, we may not be able to, among other things:

Develop and enhance our solutions;

Continue to expand our technology development, sales and marketing organizations;

Hire, train and retain employees;

Respond to competitive pressures or unanticipated working capital requirements; or

Pursue acquisition opportunities.

Our inability to do any of the foregoing could reduce our ability to compete successfully and adversely affect our results of operations.

Because our long-term success depends, in part, on our ability to expand the sales of our solutions to customers located outside of the United States, our business will be susceptible to risks associated with international operations.

We have limited experience operating in foreign jurisdictions. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. Customers in countries outside of the United States accounted for 40.1% of our total revenue for the nine months ended November 30, 2012. Our limited experience in operating our business outside of the United States increases the risk that our current and any future international expansion efforts will not be successful. Conducting international operations subjects us to new risks that, generally, we have not faced in the United States, including:

Fluctuations in currency exchange rates;

Unexpected changes in foreign regulatory requirements;

Longer accounts receivable payment cycles and difficulties in collecting accounts receivable;

Difficulties in managing and staffing international operations, including differences in labor laws;

Potentially adverse tax consequences, including the complexities of foreign value added tax systems and restrictions on the repatriation of earnings;

Localization of our solutions, including translation into foreign languages and associated expenses;

The burdens of complying with a wide variety of foreign laws and different legal standards, including laws and regulations related to privacy and data security;

Requirements for regional hosting of customer solutions and data, which may require additional capital expenditures necessary to set up new data centers;

Increased financial accounting and reporting burdens and complexities;

Political, social and economic instability abroad, terrorist attacks and security concerns in general; and

Reduced or varied protection for intellectual property rights in some countries.

The occurrence of any one of these risks could negatively affect our international business and, consequently, our results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required in establishing, acquiring or integrating operations in other countries will produce desired levels of revenue or profitability.

From time to time, we may become defendants in legal proceedings as to which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.

We may become defendants in legal proceedings from time to time. Companies in our industry have been subject to claims related to patent infringement and product liability, as well as contract and employment-related claims. We may not be able to accurately assess the risk related to these suits, and we may be unable to accurately assess our level of exposure.

We are required to comply with U.S. export control laws and regulations. Noncompliance with those laws and regulations could have a material adverse effect on our business.

Our solutions are subject to U.S. export controls and we incorporate encryption technology into certain of our solutions. These encrypted solutions and the underlying technology may be exported outside the United States only with the required export authorizations, including by license, a license exception or other appropriate government authorizations, including the filing of an encryption registration. U.S. export control laws and economic sanctions prohibit the shipment of certain solutions and services to U.S. embargoed or sanctioned countries, governments and persons and complying with export control and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. Penalties for violations of the U.S. export control laws include fines of up to $250,000 or twice the value of the transaction, whichever is greater, per violation, the possible loss of export or import privileges and criminal action for knowing or willful violations.

Further, if our operating partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected, become the subject of government investigations or penalties, and incur reputational harm.

In addition, various countries regulate the import of certain encryption technology, including import permitting and licensing requirements, and have enacted laws that could limit our ability to sell our solutions or could limit our customers’ ability to implement our solutions in those countries. Changes in our solutions or changes in export and import regulations may create delays in the introduction of our solutions in international markets, prevent our customers with international operations from deploying our solutions globally or, in some cases, prevent the export or import of our solutions to certain countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our solutions by, or in our decreased ability to export or sell our solutions to, existing or potential customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would likely adversely affect our business, financial condition and results of operations.

Our facilities in California are located near known earthquake faults, and the occurrence of an earthquake or other catastrophic disaster could cause damage to our facilities and equipment, which could negatively impact our operations.

Our facilities in the San Francisco Bay Area are located near known earthquake fault zones and are vulnerable to damage from earthquakes. We are also vulnerable to damage from other types of disasters, including fire, floods, power loss, communications failures and similar events. If any disaster were to occur, our ability to operate our business at our facilities would be seriously, or potentially completely, impaired. The insurance we maintain may not be adequate to cover our losses resulting from disasters or other business interruptions. Accordingly, an earthquake or other disaster could materially and adversely harm our ability to conduct business.

We may be subject to additional tax liabilities.

We are subject to income, sales, use, value added and other taxes in the United States and other countries in which we conduct business, which such laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect sales, use, value added or other taxes on our sales may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Significant judgment is required in determining our worldwide provision for income taxes. These determinations are highly complex and require detailed analysis of the available information and applicable statutes and regulatory materials. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax practices, provisions and accruals. If we receive an adverse ruling as a result of an audit, or we unilaterally determine that we have misinterpreted provisions of the tax regulations to which we are subject, there could be a material effect on our tax provision, net income or cash flows in the period or periods for which that determination is made. In addition, liabilities associated with taxes are often subject to an extended or indefinite statute of limitations period. Therefore, we may be subject to additional tax liability (including penalties and interest) for a particular year for extended periods of time.

Changes in existing financial accounting standards or practices, or taxation rules or practices, may adversely affect our results of operations.

Changes in existing accounting or taxation rules or practices, new accounting pronouncements or taxation rules, or varying interpretations of current accounting pronouncements or taxation practice could have a significant adverse effect on our results of operations or the manner in which we conduct our business. Further, such changes could potentially affect our reporting of transactions completed before such changes are effective.

Risks Relating to Owning Our Common Stock

Our share price may be volatile.

The market price of our common stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

Actual or anticipated fluctuations in our financial condition and results of operations;

Overall conditions in our industry and market;

Addition or loss of significant customers;

Changes in laws or regulations applicable to our products;

Actual or anticipated changes in our growth rate relative to our competitors;

Announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;

Additions or departures of key personnel;

Competition from existing products or new products that may emerge;

Issuance of new or updated research or reports by securities analysts;

Fluctuations in the valuation of companies perceived by investors to be comparable to us;

Disputes or other developments related to proprietary rights, including patents, litigation matters and our ability to obtain intellectual property protection for our technologies;

Sales of our common stock by us or our stockholders;

Share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;

The expiration of contractual lock-up agreements with our executive officers, directors and stockholders; and

General economic and market conditions.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our common stock. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management' s attention from other business concerns, which could seriously harm our business.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our common stock will depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Future sales of our common stock in the public market could cause our share price to fall.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. As of November 30, 2012, we have 25,063,615 shares of common stock outstanding, including 30,152 shares that are unvested, and assuming no exercise of outstanding options.

All of the common stock sold in our initial public offering ("IPO") in July 2012 is freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by our affiliates as defined in Rule 144 under the Securities Act. 19,970,124 shares of common stock outstanding as of November 30, 2012 are restricted as a result of securities laws, lock-up agreements or other contractual restrictions that restrict transfers for at least 180 days after the date of the final IPO prospectus, subject to certain extensions.

The underwriters may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements with the underwriters prior to expiration of the lock-up period.

The holders of 8,998,617 shares of common stock, or 35.9% based on shares outstanding as of November 30, 2012, will be entitled to rights with respect to registration of such shares under the Securities Act pursuant to a registration rights agreement between such holders and us. If such holders, by exercising their registration rights, sell a large number of shares, the market price for our common stock could be adversely affected. If we file a registration statement for the purpose of selling additional shares to raise capital and are required to include shares held by these holders pursuant to the exercise of their registration rights, our ability to raise capital may be impaired. We filed a registration statement on Form S-8 under the Securities Act to register shares for issuance under our 2003 Stock Plan and 2012 Equity Compensation Plan. Our 2012 Equity Compensation Plan provides for automatic increases in the shares reserved for issuance under the plan which could result in additional dilution to our stockholders. These shares can be freely sold in the public market upon issuance and vesting, subject to a lock-up period of at least 180 days and other restrictions provided under the terms of the applicable plan and/or the option agreements entered into with option holders.

We may also issue shares of our common stock or securities convertible into our common stock from time to time in connection with a financing, acquisition or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

As a result of becoming a public company, we are obligated to develop and maintain a system of effective internal controls over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting in the second annual report we file with the SEC. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our auditors have issued an attestation report on effectiveness of our internal controls. However, our auditors will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until we are no longer an “emerging growth company” as defined in the JOBS Act if we take advantage of the exemptions available to us through the JOBS Act.

We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to remediate future material weaknesses, or to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. For instance, as disclosed in our Form 10-Q filed for the second quarter ended August 31, 2012, based on the evaluation of our disclosure controls and procedures as of August 31, 2012, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective because of a material weakness in an internal control designed to timely consider the accounting for complex materially modified contracts with customers which did not operate effectively. If we are unable to assert that our internal control over financial reporting is effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would have a material adverse effect on the price of our common stock.

We are an “emerging growth company” and we cannot be certain whether the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding an annual non-binding advisory vote on executive compensation and nonbinding stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may become more volatile.

In addition, Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we have chosen to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Our management team may invest or spend the proceeds of our initial public offering in ways with which you may not agree or in ways which may not yield a return.

The net proceeds from our initial public offering may be used for working capital purposes and for other general corporate purposes, including the research and development of new products, sales and marketing activities, to finance acquisition opportunities and other capital expenditures. Although we may also use a portion of the net proceeds to acquire complementary products, services, technologies or businesses, we have no current understandings, agreements or commitments to do so at this time.

Our management will have considerable discretion in the application of the net proceeds from our initial public offering, and the net proceeds may be used for corporate purposes that do not improve our results of operations or increase our market value.

Our directors, executive officers and principal stockholders have substantial control over us and could delay or prevent a change in corporate control.

Our directors, executive officers and holders of more than 5% of our common stock, together with their affiliates, beneficially own, in the aggregate, approximately 57.2% of our outstanding common stock, as of November 30, 2012. As a result, these stockholders, acting together, have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these stockholders, acting together, would have the ability to control the management and affairs of our company. Accordingly, this concentration of ownership might harm the market price of our common stock by:

Delaying, deferring or preventing a change in corporate control;

Impeding a merger, consolidation, takeover or other business combination involving us; or

Discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws, each as amended, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

Authorize our board of directors to issue, without further action by the stockholders up to 10,000,000 shares of undesignated preferred stock;

Require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;

Specify that special meetings of our stockholders can be called only by our board of directors, the Chairman of the Board, the Chief Executive Officer or the President;

Establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;

Provide that directors may be removed only for cause;

Provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;

Establish that our board of directors is divided into three classes − Class I, Class II and Class III − with each class serving staggered terms; and

Require a super-majority of votes to amend certain of the above-mentioned provisions.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control. These provisions may also frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change of control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, 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 investments.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

a) Sale of Unregistered Securities

None.

b) Use of Proceeds from Public Offering of Common Stock

On July 31, 2012, we closed our initial public offering of 4,687,500 shares of our common stock, which included 3,750,000 shares of common stock sold by us and 937,500 shares of common stock sold by the selling stockholders. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-179558), which was declared effective by the SEC on July 25, 2012. Upon the closing of the IPO, all shares of convertible preferred stock outstanding automatically converted into shares of common stock. The offering did not terminate until after the sale of all of the shares registered on the registration statement. Merrill Lynch, Pierce, Fenner & Smith Incorporated, William Blair & Company, L.L.C., Pacific Crest Securities, Canaccord Genuity Inc. and Needham & Company, LLC acted as the underwriters. The public offering price of the shares sold in the offering was $15.00 per share. We did not receive any proceeds from the sales of shares by the selling stockholders. The total gross proceeds from the offering to us were approximately $52.3 million. After deducting underwriting discounts and commissions of approximately $3.9 million and offering expenses payable by us of approximately $3.0 million, we received approximately $49.3 million. No payments for such expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities, or (iii) any of our affiliates. There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC on July 26, 2012 pursuant to Rule 424(b) of the Securities Act.

Item 6. Exhibits.

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Quarterly Report.

SIGNATURES

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

E2OPEN, INC.

Date: January 14, 2013

By: /s/ Mark E. Woodward
Mark E. Woodward
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: January 14, 2013

By: /s/ Peter J. Maloney
Peter J. Maloney
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101.INS†	XBRL Instance Document
101.SCH†	XBRL Taxonomy Schema Linkbase Document
101.CAL†	XBRL Taxonomy Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Definition Linkbase Document
101.LAB†	XBRL Taxonomy Labels Linkbase Document
101.PRE†	XBRL Taxonomy Presentation Linkbase Document

† In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.

I, Mark E. Woodward, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of E2open, Inc.;

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

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

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

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

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

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

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

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

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

Date: January 14, 2013

/s/ Mark E. Woodward

Mark E. Woodward
President, Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.

I, Peter J. Maloney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of E2open, Inc.;

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

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

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

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

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

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

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

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

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

Date: January 14, 2013

/s/ Peter J. Maloney

Peter J. Maloney
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

I, Mark E. Woodward, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of E2open, Inc. on Form 10-Q for the fiscal quarter ended November 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of E2open, Inc.

Date: January 14, 2013

By: /s/ Mark E. Woodward
Name: Mark E. Woodward
Title: President, Chief Executive Officer and Director
(Principal Executive Officer)

I, Peter J. Maloney, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of E2open, Inc. on Form 10-Q for the fiscal quarter ended November 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of E2open, Inc.

Date: January 14, 2013

By: /s/ Peter J. Maloney
Name: Peter J. Maloney
Title: Chief Financial Officer
(Principal Financial and Accounting
Officer)

Commitment and Contingencies - Additional Information (Detail) (USD $)	3 Months Ended		9 Months Ended			
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012 Operating Lease	Feb. 29, 2012 Operating Lease
Commitment And Contingencies [Line Items]						
Rent expense	$ 500,000	$ 400,000	$ 1,400,000	$ 1,300,000		
Noncancelable operating leases expiration date			July 2018			
Security deposits					$ 339,000	$ 346,000

Net Income (Loss) Per Share Attributable to Common Stockholders - Computation of Diluted Net Income (Loss) Per Share Excluding Shares Options, restricted stock units and Warrants (Detail) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Option to purchase common stock				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Earnings per share excluding antidilutive securities	1,743	906	159	2,816
Convertible preferred stock				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Earnings per share excluding antidilutive securities		14,771		14,771
Preferred stock warrants				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Earnings per share excluding antidilutive securities		189		189
Unvested common shares subject to repurchase				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Earnings per share excluding antidilutive securities	38	181		181
Restricted Stock Units				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Earnings per share excluding antidilutive securities	107			

Stock-Based Compensation - Forth Functional Classification of Stock-Based Compensation Expense (Detail) (USD $)	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Employee Service Share-based Compensation, Allocation of Recognized Period Costs [Line Items]				
Total	$ 610,000	$ 165,000	$ 1,571,000	$ 410,000
Cost of revenue				
Employee Service Share-based Compensation, Allocation of Recognized Period Costs [Line Items]				
Total	181,000	46,000	444,000	122,000
Research And Development				
Employee Service Share-based Compensation, Allocation of Recognized Period Costs [Line Items]				
Total	52,000	20,000	130,000	53,000
Sales and marketing				
Employee Service Share-based Compensation, Allocation of Recognized Period Costs [Line Items]				
Total	206,000	53,000	488,000	135,000
General and administrative				
Employee Service Share-based Compensation, Allocation of Recognized Period Costs [Line Items]				
Total	$ 171,000	$ 46,000	$ 509,000	$ 100,000

Consolidated Balance Sheet Components - Components of Consolidated Balance Sheet (Detail) (USD $) In Thousands, unless otherwise specified	9 Months Ended Nov. 30, 2012	12 Months Ended Feb. 29, 2012	Jul. 31, 2012
Prepaid expenses and other current assets:			
Prepaid software license fees, hardware and software maintenance	$ 1,380	$ 618	
Deferred initial public offering costs		1,246	3,000
Other prepaid expenses and other current assets	1,186	1,347	
Prepaid expenses and other current assets	2,566	3,211	
Property and equipment, net:			
Property and equipment	17,950	16,734	
Less accumulated depreciation and amortization	(15,380)	(14,485)	
Property and equipment net	2,570	2,249	
Allowance for doubtful accounts:			
Balance, beginning of period	24	28	
Add: Provision for doubtful accounts	43	67	
Less: write-offs	(55)	(71)	
Balance, end of period	12	24	
Accumulated depreciation and amortization of property and equipment:			
Balance, beginning of period	14,485	21,026	
Add: Depreciation and amortization	1,196	1,526	
Less: disposals, write-offs and other	(301)	(8,067)	
Balance, end of period	15,380	14,485	
Accounts payable and accrued liabilities:			
Accrued compensation costs	5,628	5,326	
Trade accounts payable	3,159	2,028	
Accrued taxes and other	1,897	1,788	
Total accounts payable and accrued liabilities	10,684	9,142	
Computer Equipment			
Property and equipment, net:			
Property and equipment	8,906	7,958	
Software			
Property and equipment, net:			
Property and equipment	8,440	8,259	
Furniture and Fixtures			
Property and equipment, net:			
Property and equipment	119	87	
Leasehold Improvements			
Property and equipment, net:			
Property and equipment	$ 485	$ 430	

Stock-based Compensation (Tables)

9 Months Ended Nov. 30, 2012

Schedule of Estimated Grant Date Fair Values Employee Stock Options Assumptions

The estimated grant date fair values of the employee stock options were calculated using the Black Scholes valuation model, based on the following assumptions:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Expected term (in years)	6.05	6.05	5.99	6.08
Expected stock price volatility	51.6%	47.0%	50.0% - 55.0%	44.0% - 48.0%
Risk-free interest rate	0.8%	1.4%	0.8% - 1.3%	1.4% - 2.5%
Expected dividend yield	—	—	—	—

Schedule of Share Based Compensation Stock Options Activity Plan

Activity under the Plan is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining term
Balance of options outstanding, February 29, 2012	2,816,349	$2.45	8.05 years
Options granted	464,385	12.06	
Options exercised	(208,909)	0.81	
Options canceled and forfeited	(75,200)	3.46	
Balance of options outstanding, November 30, 2012	2,996,625	3.88	7.83 years
Balance of options expected to vest as of February 29, 2012	2,190,981	2.10	7.68 years
Balance of options exercisable as of February 29, 2012	1,041,214	1.05	6.23 years
Balance of options expected to vest as of November 30, 2012	2,774,236	3.71	7.75 years
Balance of options exercisable as of November 30, 2012	1,254,987	2.01	6.54 years

Forth Functional Classification of Stock-Based Compensation Expense

The table below sets forth the functional classification of stock-based compensation expense for the periods presented (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Cost of revenue	$ 181	$ 46	$ 444	$ 122
Research and development	52	20	130	53

Sales and marketing	206	53	488	135
General and administrative	171	46	509	100
	$ 610	$ 165	$ 1,571	$ 410

Fair Value Measurements - Summary of Foreign Exchange Contracts (Detail) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Derivative [Line Items]		
Notional Sell (Buy)	$ 4,440	$ 2,355
Estimated Fair Value	(66)	158
Euro		
Derivative [Line Items]		
Notional Sell (Buy)	6,840	4,387
Average Contract Rate	0.013	0.013
Estimated Fair Value	(125)	83
Malaysian Ringgit		
Derivative [Line Items]		
Notional Sell (Buy)	(2,400)	(2,032)
Average Contract Rate	0.031	0.031
Estimated Fair Value	$ 59	$ 75

Income Taxes - Additional Information (Detail) (USD $)	3 Months Ended		9 Months Ended			12 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011	Feb. 29, 2012	Feb. 29, 2012 Federal	Feb. 29, 2012 State
Income Tax Contingency [Line Items]							
Income tax provision (benefit)	$ 62,000	$ 48,000	$ 137,000	$ 122,000			
Deferred tax assets net of valuation allowance	0		0				
Defered tax asset , net operating loss carryforwards					94,600,000		
Net operating loss carryforwards						316,500,000	118,300,000
Net operating loss carryforwards, beginning year of expiration						2023	2013
Undistributed earnings of Company's foreign subsidiaries	572,000		572,000				
Gross unrecognized tax benefits					4,000,000		
Amount affecting Company's effective tax rate					200,000		
Gross interest and penalties accrued	$ 92,000		$ 92,000				

Notes Payable and Capital Lease Obligation - Schedule of Principal Payments Due on Notes Payable and Capital Lease Obligations (Detail) (USD $)	Nov. 30, 2012	Feb. 29, 2012
Debt Instrument [Line Items]		
Total	$ 1,123,000	$ 1,700,000
2013 (remaining 3 months)		
Debt Instrument [Line Items]		
Total	369,000	
2014		
Debt Instrument [Line Items]		
Total	580,000	
2015		
Debt Instrument [Line Items]		
Total	141,000	
2016		
Debt Instrument [Line Items]		
Total	$ 33,000	

Significant Customer Information - Summary of Revenue by Geographic Region (Detail) (USD $) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Revenue by geographic region:				
Total Revenue	$ 18,963	$ 14,809	$ 57,327	$ 42,662
Americas				
Revenue by geographic region:				
Total Revenue	14,275	13,174	45,333	35,724
Europe				
Revenue by geographic region:				
Total Revenue	4,517	1,494	11,503	6,559
Asia				
Revenue by geographic region:				
Total Revenue	$ 171	$ 141	$ 491	$ 379

Net Income (Loss) Per Share Attributable to Common Stockholders - Computation of Basic and Diluted Net Income (Loss) Per Share (Detail) (USD $) In Thousands, except Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Net income (loss) attributable to common stockholders				
Net income (loss)	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Less: undistributed earnings allocated to preferred stockholders				
Net income (loss) attributable to common stockholders	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Basic shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Diluted shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Weighted average effect of convertible preferred stock			7,936	
Weighted average common shares outstanding, diluted	25,021	5,985	25,882	5,880
Net income (loss) per share attributable to common stock holders:				
Basic		$ (0.19)	$ 0.13	$ (0.18)
Diluted		$ (0.19)	$ 0.08	$ (0.18)
Stock Option				
Diluted shares:				
Weighted average effect			1,678	
Restricted Stock Units				
Diluted shares:				
Weighted average effect			25	

Credit Facility	9 Months Ended Nov. 30, 2012
Credit Facility	**(4) Credit Facility** The Company maintained a credit facility with a commercial bank which provided the Company with a revolving line of credit and term loan. The total borrowing limit under the credit facility was $26.8 million, subject to certain borrowing base limitations. As of February 29, 2012, the amount outstanding under the lines of credit was $9.7 million and under the term loan, recorded under notes payable in the balance sheets, was $1.7 million. In August 2012, the Company repaid all of its outstanding borrowings under the lines of credit and the term loan. The revolving line of credit expired effective August 14, 2012 and the Company cancelled the term loan facility effective September 10, 2012.

Stock-Based Compensation - Additional Information (Detail) (USD $)	1 Months Ended	3 Months Ended		9 Months Ended			9 Months Ended	2 Months Ended	3 Months Ended	9 Months Ended	
	Jul. 01, 2012	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012 Y	Nov. 30, 2011	Feb. 29, 2012	Nov. 30, 2012 Incentive Stock Options	Oct. 31, 2012 Restricted Stock Units	Nov. 30, 2012 Restricted Stock Units	Nov. 30, 2012 Restricted Stock Units	Nov. 30, 2012 Maximum
Share based Compensation Arrangement by Share based Payment Award, Fair Value Assumptions, Method Used [Line Items]											
Shares of common stock reserved for issuance		5,492,338		5,492,338		2,816,587					
Share-based Compensation granted for period				10							
Estimated fair value of common stock shares, percentage				100.00%			100.00%				110.00%
Exercise price of ISO granted		10.00%		10.00%							
Percentage of options vest on one-year anniversary				25.00%							
Exercisable for period				10 years							
Anniversary of option grant date, additional years				3 years							
Options granted to date generally vest				4 years							
Share-based compensation shares exercised repurchase		30,152		30,152		125,633					
Aggregate exercise price of options repurchase		$ 10,553		$ 10,553		$ 43,972					
Stock options granted during period of share-based compensation	749,464			464,385							
Recognized compensation cost related to unvested restricted stock option awards		204,000		556,000							
Restricted stock units, unrecognized compensation expense		2,655,000		2,655,000					1,042,000	1,042,000	
Restricted stock units, awarded								107,250			
Restricted stock units, weighted average grant date fair value								$ 13.79			
Restricted stock units, vest								25.00%			
Restricted stock units, compensation expense				1,571,000	410,000				55,000	55,000	
Restricted stock units unrecognized compensation expense, weighted average period										3 years 9 months 29 days	
Unrecognized compensation cost excluding forfeitures and unvested stock option award		6,313,000		6,313,000		811,000					
Employee service share based compensation unrecognized compensation costs on non		2 years 5 months 1 day		2 years 5 months 1 day		2 years 8 months 9 days					

vested award weighted average period of recognition					
Remaining shares available for future grants under plan	2,388,326		2,388,326		154,369
Weighted average grant date fair value for granted stock options	$ 13.83	$ 0.11	$ 12.06	$ 0.09	
Total intrinsic value of options exercised	109,000	43,000	2,066,000	247,000	
Aggregate intrinsic value for fully vested options	1,942,000		1,942,000		15,188,749
Number of unvested stock options	1,741,638		1,741,638		1,775,373
Recoreded compensation expense for share based payments	$ 610,000	$ 165,000	$ 1,571,000	$ 410,000	

Organization and Business Description - Additional Information (Detail) (USD $)	1 Months Ended Jul. 31, 2012	Feb. 29, 2012
Total number of common stock sold in initial public offering	4,687,500	
Common stock sold in initial public offering	3,750,000	
Public offering price of shares sold	$ 15.00	
Gross proceeds from public offering	$ 52,300,000	
Underwriting discounts and commissions	3,900,000	
Accrued offering cost	3,000,000	1,246,000
Net proceeds from public offering after underwriting discounts, commission and offering expenses	$ 49,300,000	
Convertible preferred stock converted in to number of common stock	14,845,528	
Common Stock Sold by Stockholders		
Common stock sold by selling stockholders in initial public offering	937,500	

Significant Customer Information (Tables)

9 Months Ended Nov. 30, 2012

Summary of Customers Accounting

Customers accounting for 10% or more of revenue or accounts receivable were as follows:

	Three months ended November 30, 2012		Three months ended November 30, 2011		Nine months ended November 30, 2012		Nine months ended November 30, 2011	
	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable
Customer A	16 %	*	*	*	13 %	*	12 %	*
Customer B	*	13 %	17 %	14 %	18	13 %	18	14 %
Customer C	*	*	*	10	10	*	*	10
Customer D	*	14	*	13	*	14	*	13

* Indicates less than 10%

Summary of Revenue by Country Wise

Revenue by geographic region, based on the billing address of the customer, was as follows (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	**2011**	**2012**	**2011**
Revenue by geographic region:				
Americas	$14,275	$13,174	$45,333	$35,724
Europe	4,517	1,494	11,503	6,559
Asia	171	141	491	379
Total	$18,963	$14,809	$57,327	$42,662

Country Specific Summary of Revenue by Country Wise

Countries accounting for 10% or more of revenue were as follows:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	**2011**	**2012**	**2011**
Revenue by country:				
United States	65.8 %	68.0 %	59.9 %	64.4 %
Canada	*	20.7	19.2	20.6
United Kingdom	11.4	*	*	*

* Indicates less than 10%

Stock-Based Compensation - Schedule of Estimated Grant Date Fair Values Employee Stock Options Assumptions (Detail)	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Share based Compensation Arrangement by Share based Payment Award, Fair Value Assumptions, Method Used [Line Items]				
Expected term (in years)	6 years 18 days	6 years 18 days	5 years 11 months 27 days	6 years 29 days
Expected stock price volatility	51.60%	47.00%		
Risk-free interest rate	0.80%	1.40%		
Expected dividend yield				
Minimum				
Share based Compensation Arrangement by Share based Payment Award, Fair Value Assumptions, Method Used [Line Items]				
Expected stock price volatility			50.00%	44.00%
Risk-free interest rate			0.80%	1.40%
Expected dividend yield				
Maximum				
Share based Compensation Arrangement by Share based Payment Award, Fair Value Assumptions, Method Used [Line Items]				
Expected stock price volatility			55.00%	48.00%
Risk-free interest rate			1.30%	2.50%
Expected dividend yield				

Summary of Significant Accounting Policies - Additional Information (Detail)	1 Months Ended
	Jun. 29, 2012
Numerator	
Significant Of Accounting Policies [Line Items]	
Reverse stock split ratio on prefered and common stock	1
Denominator	
Significant Of Accounting Policies [Line Items]	
Reverse stock split ratio on prefered and common stock	35

Summary of Significant Accounting Policies - Schedule of Cash, Cash Equivalents and Available-For-Sale Investments (Detail) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012	Nov. 30, 2011	Feb. 28, 2011
Cash Cash Equivalents And Available For Sale Investments [Line Items]				
Amortized Cost	$ 36,925			
Amortized Cost	18,084	10,219	10,043	10,060
Estimated Fair Market Value	36,930			
Cash equivalents | Money market funds				
Cash Cash Equivalents And Available For Sale Investments [Line Items]				
Amortized Cost	926			
Estimated Fair Market Value	926			
Cash equivalents | Commercial paper				
Cash Cash Equivalents And Available For Sale Investments [Line Items]				
Amortized Cost	11,797			
Gross Unrealized Gains	1			
Estimated Fair Market Value	11,798			
Cash equivalents | Money markets accounts				
Cash Cash Equivalents And Available For Sale Investments [Line Items]				
Amortized Cost	4,391	2,030		
Estimated Fair Market Value	4,391	2,030		
Short-term investments | Commercial paper				
Cash Cash Equivalents And Available For Sale Investments [Line Items]				
Amortized Cost	11,477			
Gross Unrealized Gains	3			
Estimated Fair Market Value	11,480			
Short-term investments | Corporate debt securities				
Cash Cash Equivalents And Available For Sale Investments [Line Items]				
Amortized Cost	1,099			
Gross Unrealized Gains	1			
Gross Unrealized Losses	(1)			
Estimated Fair Market Value	1,099			
Short-term investments | Agency debt securities				
Cash Cash Equivalents And Available For Sale Investments [Line Items]				

Amortized Cost	1,854	
Estimated Fair Market Value	1,854	
Short-term investments | Municipal Debt Securities		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	601	
Estimated Fair Market Value	601	
Short-term investments | Mortgage-backed securities		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	412	
Estimated Fair Market Value	412	
Long-term investments | Corporate debt securities		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	5,223	
Gross Unrealized Gains	5	
Gross Unrealized Losses	(3)	
Estimated Fair Market Value	5,225	
Long-term investments | Municipal Debt Securities		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	500	
Gross Unrealized Losses	(1)	
Estimated Fair Market Value	499	
Long-term investments | Mortgage-backed securities		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	1,296	
Gross Unrealized Gains	1	
Gross Unrealized Losses	(1)	
Estimated Fair Market Value	1,296	
Long-term investments | Asset-backed securities		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	2,665	
Gross Unrealized Gains	1	
Estimated Fair Market Value	2,666	
Cash		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	969	8,189
Estimated Fair Market Value	969	8,189
Total cash and cash equivalents		

Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost		10,219
Estimated Fair Market Value		10,219
Total cash, cash equivalents, and investments		
Cash Cash Equivalents And Available For Sale Investments [Line Items]		
Amortized Cost	43,210	
Gross Unrealized Gains	12	
Gross Unrealized Losses	(6)	
Estimated Fair Market Value	$ 43,216	

Consolidated Balance Sheet Components

Consolidated Balance Sheet Components

9 Months Ended Nov. 30, 2012

(3) Consolidated Balance Sheet Components

Consolidated balance sheet components as of the dates presented consisted of the following (in thousands):

	November 30, 2012	February 29, 2012
	(Unaudited)	
Prepaid expenses and other current assets:		
Prepaid software license fees, hardware and software maintenance	$1,380	$618
Deferred initial public offering costs	—	1,246
Other prepaid expenses and other current assets	1,186	1,347
	$2,566	$3,211
Property and equipment, net:		
Computer equipment	$8,906	$7,958
Software	8,440	8,259
Furniture and fixtures	119	87
Leasehold improvements	485	430
	17,950	16,734
Less accumulated depreciation and amortization	(15,380)	(14,485)
	$2,570	$2,249
Allowance for doubtful accounts:		
Balance, beginning of period	$24	$28
Add: Provision for doubtful accounts	43	67
Less: write-offs	(55)	(71)
Balance, end of period	$12	$24
Accumulated depreciation and amortization of property and equipment:		
Balance, beginning of period	$14,485	$21,026
Add: Depreciation and amortization	1,196	1,526
Less: disposals, write-offs and other	(301)	(8,067)
Balance, end of period	$15,380	$14,485

Specific incremental costs directly associated with the Company's IPO, primarily legal, accounting and printing costs, were deferred and reflected as an asset until its reclassification to stockholders' equity (deficit) upon closing of the IPO in July 2012.

Property, software and equipment financed through capital leases and notes payable included above aggregated $73,000 as of November 30, 2012. Amortization on these assets was $8,000 as of November 30, 2012. Amortization of assets held under capital leases and notes payable is included with depreciation expense and software license expense. There was no equipment and software under capital leases as of February 29, 2012.

Other assets consist primarily of security deposits held by lessors of the Company's office facilities and the noncurrent portion of prepaid expenses.

	November 30, 2012	February 29, 2012
	(Unaudited)	
Accounts payable and accrued liabilities:		
Accrued compensation costs	$5,628	$5,326
Trade accounts payable	3,159	2,028
Accrued taxes and other	1,897	1,788
	$10,684	$9,142

Summary of Significant Accounting Policies - Schedule of Available-For-Sale Investments by Contractual Maturity Date (Detail) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012
Cash Cash Equivalents And Available For Sale Investments [Line Items]	
Amortized Cost	$ 36,925
Estimated Fair Market Value	36,930
Due In One Year Or Less	
Cash Cash Equivalents And Available For Sale Investments [Line Items]	
Amortized Cost	27,241
Estimated Fair Market Value	27,244
Due After One Year Through Two Years	
Cash Cash Equivalents And Available For Sale Investments [Line Items]	
Amortized Cost	9,684
Estimated Fair Market Value	$ 9,686

Commitments and Contingencies - Future Minimum Lease Payments Under Noncancelable Operating Leases (Detail) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012
Operating Leased Assets [Line Items]	
2013 (remaining 3 months)	$ 456
2014	1,446
2015	1,525
2016	1,222
2017	1,258
Thereafter	1,836
Total minimum lease payments	$ 7,743

Significant Customer Information - Summary of Revenue by Country Wise (Detail)	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
United States				
Revenue From External Customers Attributed To Foreign Countries By Geographic Area [Line Items]				
Revenue percentage	65.80%	68.00%	59.90%	64.40%
Canada				
Revenue From External Customers Attributed To Foreign Countries By Geographic Area [Line Items]				
Revenue percentage	[1]	20.70%	19.20%	20.60%
United Kingdom				
Revenue From External Customers Attributed To Foreign Countries By Geographic Area [Line Items]				
Revenue percentage	11.40%	[1]	[1]	[1]

[1] Indicates less than 10%

CONDENSED CONSOLIDATED BALANCE SHEETS (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Current assets:		
Cash and cash equivalents	$ 18,084	$ 10,219
Short-term investments	15,446	
Accounts receivable, net of allowance of $12 and $24	19,776	16,304
Prepaid expenses and other current assets	2,566	3,211
Total current assets	55,872	29,734
Long-term investments	9,686	
Property and equipment, net	2,570	2,249
Other assets	868	710
Total Assets	68,996	32,693
Current liabilities:		
Accounts payable and accrued liabilities	10,684	9,142
Deferred revenue	34,884	38,101
Lines of credit		9,650
Current portion of notes payable and capital lease obligations	913	1,003
Total current liabilities	46,481	57,896
Deferred revenue	1,347	6,958
Notes payable and capital lease obligations, net of current portion	210	668
Other noncurrent liabilities	412	505
Total liabilities	48,450	66,027
Commitments and contingencies (note 7)		
Stockholders' equity (deficit):		
Common stock, $0.001 par value. 100,000,000 authorized shares, 25,033,463 and 6,262,480 shares issued and outstanding as of November 30, 2012 and February 29, 2012	25	6
Additional paid-in capital	359,048	223,776
Accumulated other comprehensive income (loss)	(17)	9
Accumulated deficit	(338,510)	(340,616)
Total stockholders' equity (deficit)	20,546	(33,334)
Total liabilities and stockholders' equity (deficit)	68,996	32,693
Series AA preferred stock		
Stockholders' equity (deficit):		
Preferred stock, value		13,336
Series BB preferred stock		
Stockholders' equity (deficit):		
Preferred stock, value		26,560
Series CC preferred stock		
Stockholders' equity (deficit):		
Preferred stock, value		27,259

Series D preferred stock	
Stockholders' equity (deficit):	
Preferred stock, value	$ 16,336

Stock-based Compensation - Schedule of Share Based Compensation Stock Options Activity Plan (Detail) (USD $)	1 Months Ended	9 Months Ended	12 Months Ended
	Jul. 01, 2012	Nov. 30, 2012	Feb. 29, 2012
Number of shares			
Balance of options outstanding, Beginning balance		2,816,349	
Options granted	749,464	464,385	
Options exercised		(208,909)	
Options canceled and forfeited		(75,200)	
Balance of options outstanding, Ending balance		2,996,625	2,816,349
Balance of options expected to vest		2,774,236	2,190,981
Balance of options exercisable		1,254,987	1,041,214
Weighted average exercise price			
Balance of options outstanding, Beginning balance		$ 2.45	
Options granted		$ 12.06	
Options exercised		$ 0.81	
Options canceled and forfeited		$ 3.46	
Balance of options outstanding, Ending balance		$ 3.88	$ 2.45
Balance of options expected to vest		$ 3.71	$ 2.10
Balance of options exercisable		$ 2.01	$ 1.05
Weighted average remaining term			
Balance of options outstanding, Beginning balance		7 years 9 months 29 days	8 years 18 days
Balance of options expected to vest		7 years 9 months	7 years 8 months 5 days
Balance of options exercisable		6 years 6 months 15 days	6 years 2 months 23 days

Organization and Business Description	**9 Months Ended Nov. 30, 2012**
Organization and Business Description	

(1) Organization and Business Description

E2open, Inc. and subsidiaries (the Company), a Delaware corporation, was incorporated in September 2003. The Company provides cloud-based, on-demand software solutions delivered on an integrated platform that enables companies to collaborate with their trading partners to procure, manufacture, sell and distribute products more efficiently. The Company's customers depend on outsourced manufacturing strategies and complex trading networks to compete in today's global economy. They use the Company's solutions to gain visibility into and control over their trading networks. The Company's solutions enable its customers and their trading partners to overcome problems arising from communications across disparate systems by offering a reliable source of data, processes and analytics, which its customers rely on as the single version of the truth. The Company's solutions empower its customers to manage demand they cannot predict and supply they do not control.

The Company's corporate headquarters are located in Foster City, California, with additional offices in Austin and Dallas, Texas, China, France, Germany, Malaysia, Sweden, Taiwan and the United Kingdom.

Initial Public Offering

On July 31, 2012, the Company closed its initial public offering ("IPO") of 4,687,500 shares of its common stock, which included 3,750,000 shares of common stock sold by the Company and 937,500 shares of common stock sold by the selling stockholders. The public offering price of the shares sold in the offering was $15.00 per share. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-179558), which was declared effective by the SEC on July 25, 2012. The Company did not receive any proceeds from the sales of shares by the selling stockholders. The total proceeds from the offering to the Company, net of underwriting discounts and commissions of approximately $3.9 million, were approximately $52.3 million. After deducting offering expenses paid by us of approximately $3.0 million, we received approximately $49.3 million. Upon the closing of the IPO, all shares of convertible preferred stock outstanding automatically converted into 14,845,528 shares of common stock.

Credit Facility - Additional Information (Detail) (USD $)	Nov. 30, 2012	Feb. 29, 2012	9 Months Ended Nov. 30, 2012 Revolving Line Of Credit	 Nov. 30, 2012 Term Loan
Line of Credit Facility [Line Items]				
Maximum borrowing capacity		$ 26,800,000		
Line of credit, outstanding		9,700,000		
Notes Payable	$ 1,123,000	$ 1,700,000		
Line of credit, expiration date			Aug. 14, 2012	
Line of credit, expiration date				Sep. 10, 2012

Notes Payable and Capital Lease Obligation (Tables)	9 Months Ended Nov. 30, 2012
Schedule of Principal Payments Due on Notes Payable and Capital Lease Obligations	The total principal payments remaining under the notes payable and capital lease obligations of $1.1 million become due as of November 30, 2012 as follows (in thousands):

Fiscal year ending:	
2013 (remaining 3 months)	$369
2014	580
2015	141
2016	33
	$1,123

Notes Payable and Capital Lease Obligation - Additional Information (Detail) (USD $)	9 Months Ended	
	Nov. 30, 2012	Feb. 29, 2012
Lease Commitments And Notes Payable [Line Items]		
Notes payable and capital lease obligations	$ 1,600,000	
Minimum interest rates	3.03%	
Maximum interest rates	13.13%	
Total principal payments	$ 1,123,000	$ 1,700,000
Minimum		
Lease Commitments And Notes Payable [Line Items]		
Term of notes	Nine months	
Maximum		
Lease Commitments And Notes Payable [Line Items]		
Term of notes	Three years	

Interest and other expense, net (Tables)	9 Months Ended Nov. 30, 2012
Interest and Other Expense, Net	

Interest and other expense, net for the periods presented consisted of the following (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Interest expense	$33	$48	$211	$138
Bank financing fees	12	46	127	131
Foreign exchange losses (gains)—realized and unrealized, net	(47)	149	104	191
Losses (gains) from foreign currency contracts—realized and unrealized, net	95	—	(76)	—
Interest income	(40)	(1)	(48)	(3)
Other, net	—	—	(1)	—
	$53	$242	$317	$457

Summary of Significant Accounting Policies	9 Months Ended Nov. 30, 2012

Summary of Significant Accounting Policies

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and accompanying notes of the Company reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") have been condensed or omitted under the rules and regulations of the Securities and Exchange Commission ("SEC").

On June 29, 2012, the Company effected a 1-for-35 reverse stock split of our preferred stock and common stock. Upon the effectiveness of the reverse stock split, (i) every 35 shares of outstanding preferred stock and common stock was decreased to one share of preferred stock or common stock, as applicable, (ii) the number of shares of common stock into which each outstanding option to purchase common stock is exercisable was proportionally decreased on a 1-for-35 basis and (iii) the exercise price of each outstanding option to purchase common stock was proportionately increased on a 1-for-35 basis. All of the share numbers, share prices and exercise prices have been adjusted within the consolidated financial statements, on a retroactive basis, to reflect this 1-for-35 reverse stock split.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported results of operations during the reporting period. Such estimates include the allowance for doubtful accounts, deferred tax asset valuation allowance, unrecognized tax benefits, accrued liabilities, stock-based compensation, and valuation of common and preferred stock. Actual results could differ from those estimates.

Revenue Recognition

The Company generates revenue from the sale of subscriptions and support and professional services.

Subscriptions and Support. The Company offers on-demand software solutions, which enable its customers to have constant access to its solutions without the need to manage and support the software and associated hardware themselves. The Company houses the hardware and software in third-party facilities, and provides its customers with access to the software solutions, along with data security and storage, backup, and recovery services. The Company's customer contracts typically have a term of three years. The Company invoices its customers for subscriptions and support in advance for annual use of the software solutions. The Company's payment terms typically require customers to pay within 30 to 90 days from the invoice date.

Professional Services. Professional services revenue is derived primarily from fees for enabling services, including solution consulting and solution deployment. These services are sold in conjunction with the sale of the Company's on-demand software solutions. The Company provides professional services both on a fixed fee and a time and materials basis, and invoices customers either in advance, monthly, or upon reaching project milestones.

The Company enters into arrangements with multiple elements, comprised of subscriptions and support and professional services. Arrangements with customers typically do not provide the customer with the right to take possession of the software supporting the on-demand solutions. The Company commences revenue recognition when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the Company's price to the customer is fixed or determinable, and collectability of the fees is reasonably assured.

The Company evaluates each of these criteria as follows:

Evidence of an Arrangement. The Company considers a binding agreement signed by it and the customer to be evidence of an arrangement.

Delivery .. The Company typically considers delivery to have occurred when the on-demand software solutions are made available to the customer or services have been rendered. In arrangements where an existing customer purchases additional solutions, delivery occurs upon commencement of the contractual term.

Fixed or Determinable Fee . The Company considers the fee to be fixed or determinable unless the fee is subject to refund or adjustment or is not payable within its standard payment terms. If the fee is not fixed or determinable, the Company recognizes the revenue as amounts become due and payable.

Collectability of the Fees Is Reasonably Assured. Collectability of the fees is reasonably assured if the Company expects that the customer will be able to pay amounts under the arrangement as payments become due. If the Company determines that collection is not reasonably assured, the Company defers the recognition of revenue until cash collection.

The Company accounts for subscriptions and support and professional services revenue as separate units of accounting and allocates revenue to each deliverable in an arrangement based on a selling price hierarchy. As the Company has been unable to establish VSOE or TPE for the elements of its arrangements, the Company determines the ESP for each element primarily by considering prices we charge for similar offerings, size of the order and historical pricing practices. Revenue allocated to subscriptions and support is recognized over the contractual term. Professional services revenue sold on a fixed fee basis is recognized either under the proportional performance method of accounting using estimated labor hours, or upon acceptance of the services. Revenue from professional services sold on a time and material basis is recognized as services are delivered.

Prior to fiscal 2012, the Company determined that it did not have objective and reliable evidence of fair value for each deliverable of our arrangements, and in accordance with the then existing accounting standards for multiple deliverable revenue arrangements, the Company accounted for subscriptions and support and professional services revenue as a single unit of accounting and recognized the total arrangement fee ratably over the contractual term of the subscription agreement. These arrangements, if materially modified after February 28, 2011, are accounted for under the current accounting standards for multiple deliverable revenue arrangements.

The Company excludes from revenue sales and other taxes collected on behalf of customers and remitted to governmental authorities.

Investments in debt and marketable equity securities

The Company classifies all of its investments in debt and marketable equity securities as available-for-sale. Available-for-sale securities that the Company intends to hold for less than one year are classified as short term investments on the balance sheet, regardless of whether the stated maturity is greater than one year from the current balance sheet date. Investments that the Company intends to hold for more than one year are classified as long-term assets on the balance sheet. Available-for-sale securities are carried at fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) in stockholders' equity (deficit). For the three and nine months ended November 30, 2012, realized and unrealized gains and losses on investments were not material. We had no investments in debt and equity securities as of November 30, 2011 and February 29, 2012. An impairment charge is recorded in the consolidated statements of operations for declines in fair value below the cost of an individual investment that are deemed to be other than temporary. The Company assesses whether a decline in value is temporary based on the length of time that the fair market value has been below cost, the severity of the decline, as well as the intent and ability to hold, or plans to sell, the investment. For the three and nine months ended November 30, 2012, there is no impairment charge recorded in the consolidated statements of operations.

With the exception of the Company's investments in debt and marketable equity securities policy above, there have been no material changes to the Company's significant accounting policies as compared to the significant accounting policies disclosed in the Company's audited consolidated financial statements for the fiscal year ended February 29, 2012 included in the Company's final prospectus for initial public offering dated July 25, 2012 as filed with the Securities and Exchange Commission.

Recently Issued and Adopted Accounting Guidance

On June 16, 2011, the FASB issued new guidance on the presentation of other comprehensive income (loss) in financial statements. Under this new accounting guidance, an entity will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. The new accounting guidance eliminates the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. An entity should apply the new accounting guidance retrospectively. For a public entity, the new accounting guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. The Company adopted the provisions of the new accounting guidance effective March 1, 2012. The adoption of this accounting guidance did not have a material impact on the Company's consolidated financial statements.

Cash and investments

The following table presents cash, cash equivalents and available-for-sale securities for the periods presented (in thousands):

		Gross	**Gross**	**Estimated**
	Amortized	**Unrealized**	**Unrealized**	**Fair Market**
	Cost	**Gains**	**Losses**	**Value**
November 30, 2012 (unaudited):				

Cash	$969	$ —	$ —	$969
Cash equivalents:				
Money market accounts	4,391	—	—	4,391
Money market funds	926	—	—	926
Commercial paper	11,797	1	—	11,798
Short-term investments:				
Commercial paper	11,477	3	—	11,480
Corporate debt securities	1,099	1	(1)	1,099
Agency debt securities	1,854	—	—	1,854
Municipal debt securities	601	—	—	601
Mortgage-backed securities	412	—	—	412
Long-term investments:				
Corporate debt securities	5,223	5	(3)	5,225
Asset-backed securities	2,665	1	—	2,666
Mortgage-backed securities	1,296	1	(1)	1,296
Municipal debt securities	500	—	(1)	499
Total cash, cash equivalents, and investments	$43,210	$ 12	$ (6)	$43,216
February 29, 2012				
Cash	$8,189	$ —	$ —	$8,189
Cash equivalents:				
Money market accounts	2,030	—	—	2,030
Total cash and cash equivalents	$10,219	$ —	$ —	$10,219

The following table presents available-for-sale securities, recorded in cash equivalents and investments, by contractual maturity date as of November 30, 2012 (in thousands):

	Amortized Cost	Estimated Fair Market Value
Due in one year or less	$27,241	$27,244
Due after one year through two years	9,684	9,686
Total	$36,925	$36,930

For the three and nine months ended November 30, 2012, the realized gains and losses, and unrealized losses on these available-for-sale securities were not material. Additionally, none of these securities were in a continuous unrealized loss position for more than 12 months. As of November 30, 2012, the Company did not consider any of its available-for-sale securities to be other-than-temporarily impaired.

CONDENSED CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $) In Thousands, except Share data, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Accounts receivable, allowance	$ 12	$ 24
Preferred stock, par value	$ 0.001	$ 0.001
Preferred stock, authorized shares	10,000,000	10,000,000
Common stock, par value	$ 0.001	$ 0.001
Common stock, authorized shares	100,000,000	100,000,000
Common stock, shares issued	25,033,463	6,262,480
Common stock, shares outstanding	25,033,463	6,262,480
Series AA preferred stock		
Preferred stock, par value	$ 0.001	$ 0.001
Preferred stock, authorized shares	4,571,428	4,571,428
Preferred stock, shares issued	3,925,726	3,925,726
Preferred stock, shares outstanding	3,925,726	3,925,726
Series BB preferred stock		
Preferred stock, par value	$ 0.001	$ 0.001
Preferred stock, authorized shares	2,857,142	2,857,142
Preferred stock, shares issued	2,327,672	2,327,672
Preferred stock, shares outstanding	2,327,672	2,327,672
Series CC preferred stock		
Preferred stock, par value	$ 0.001	$ 0.001
Preferred stock, authorized shares	4,357,142	4,357,142
Preferred stock, shares issued	2,882,529	2,882,529
Preferred stock, shares outstanding	2,882,529	2,882,529
Series D preferred stock		
Preferred stock, par value	$ 0.001	$ 0.001
Preferred stock, authorized shares	5,714,285	5,714,285
Preferred stock, shares issued	4,670,687	4,670,687
Preferred stock, shares outstanding	4,670,687	4,670,687

Fair Value Measurements	9 Months Ended Nov. 30, 2012

Fair Value Measurements

(12) Fair Value Measurements

The Company's financial instruments include cash and cash equivalents, investments, accounts receivable, net, accounts payable, line of credit, capital lease obligations and notes payable. Accounts receivable, net, accounts payable and line of credit are stated at their carrying value, which approximates fair value, due to their short maturity. The Company estimates the fair value for capital lease obligations and notes payable by discounting the future cash flows of the lease and note payments.

Current accounting guidance defines fair value as an exchange or exit price that would be received for an asset or an exit price, or paid to transfer a liability in an orderly transaction between knowledgeable and willing market participants.

As a basis for considering such assumptions, accounting guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 —Observable inputs such as quoted prices in an active market;

Level 2 —Inputs other than the quoted prices in active markets that are observable either directly or indirectly; and

Level 3 —Unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

Observable inputs are based on market data obtained from independent sources. Unobservable inputs reflect the Company's assessment of the assumptions market participants would use to value certain financial instruments. This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy as of November 30, 2012 and February 29, 2012, are summarized as follows (in thousands):

	November 30, 2012				February 29, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents:								
Money market accounts	$4,391	$—	$—	$4,391	$2,030	$—	$—	$2,030
Money market funds	926	—	—	926	—	—	—	—
Commercial paper	—	11,798	—	11,798	—	—	—	—
Short-term investments:								
Commercial paper	—	11,480	—	11,480	—	—	—	—
Corporate debt securities	—	1,099	—	1,099	—	—	—	—
Agency bonds	—	1,854	—	1,854	—	—	—	—
Municipal bonds	—	601	—	601	—	—	—	—
Mortgage backed securities	—	412	—	412	—	—	—	—
Other current assets:								
Foreign currency forward contracts	—	55	—	55	—	158	—	158
Long-term investments:								
Corporate debt securities	—	5,225	—	5,225	—	—	—	—
Asset backed securities	—	2,666	—	2,666	—	—	—	—
Mortgage backed securities	—	1,296	—	1,296	—	—	—	—

Municipal bonds	—	499	—	499	—	—	—	—
Other noncurrent assets:								
Certificate of deposit	16	—	—	16	56	—	—	56
Total assets	$5,333	$36,985	$—	$42,318	$2,086	$158	$—	$2,244
Other current liabilities:								
Foreign currency forward contracts	—	121	—	121	—	—	—	—
Total liabilities	$—	$121	$—	$121	$—	$—	$—	$—

In fiscal 2012 and the nine months ended November 30, 2012, the Company sought to hedge the risks associated with exchange rate fluctuations through entry into forward exchange contracts. The contracts are classified as Level 2. The tables below present the notional amounts (at the contract exchange rates), the weighted-average contractual foreign currency exchange rates, and the estimated fair value of contracts outstanding as of November 30, 2012 and February 29, 2012 (in USD thousands, except average contract rate):

	November 30, 2012			February 29, 2012		
	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value
Foreign currency forward exchange contracts:						
Euro	$6,840	1.3	$ (125)	$4,387	1.3	$ 83
Malaysian Ringgit	(2,400)	3.1	59	(2,032)	3.1	75
Total	$4,440		$ (66)	2,355		$ 158

The Company entered into the foreign exchange contracts with two counterparties. The Company has the right of offset for gains earned and losses incurred under contracts with the same counterparty, and therefore has recorded contracts with the same counterparty on a net basis in the balance sheet.

The Company does not use derivatives for speculative or trading purposes.

Document and Entity Information	9 Months Ended Nov. 30, 2012
Document Information [Line Items]	
Document Type	10-Q
Amendment Flag	false
Document Period End Date	Nov. 30, 2012
Document Fiscal Year Focus	2013
Document Fiscal Period Focus	Q3
Trading Symbol	EOPN
Entity Registrant Name	E2OPEN INC
Entity Central Index Key	0001540400
Current Fiscal Year End Date	--02-28
Entity Filer Category	Non-accelerated Filer
Entity Common Stock, Shares Outstanding	25,063,615

Significant Customer Information	9 Months Ended Nov. 30, 2012

Significant Customer Information

(13) Significant Customer Information

Customers accounting for 10% or more of revenue or accounts receivable were as follows:

	Three months ended November 30, 2012		Three months ended November 30, 2011		Nine months ended November 30, 2012		Nine months ended November 30, 2011	
	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable	Percentage of total revenue	Percentage of accounts receivable
Customer A	16 %	*	*	*	13 %	*	12 %	*
Customer B	*	13 %	17 %	14 %	18	13 %	18	14 %
Customer C	*	*	*	10	10	*	*	10
Customer D	*	14	*	13	*	14	*	13

* Indicates less than 10%

The revenue from Customer B for the nine months ended November 30, 2012 included revenue associated with a material modification to an existing agreement that resulted in recognition of revenue earlier than would otherwise have occurred.

Revenue by geographic region, based on the billing address of the customer, was as follows (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	**2011**	**2012**	**2011**
Revenue by geographic region:				
Americas	$14,275	$13,174	$45,333	$35,724
Europe	4,517	1,494	11,503	6,559
Asia	171	141	491	379
Total	$18,963	$14,809	$57,327	$42,662

Countries accounting for 10% or more of revenue were as follows:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	**2011**	**2012**	**2011**
Revenue by country:				
United States	65.8 %	68.0 %	59.9 %	64.4 %
Canada	*	20.7	19.2	20.6
United Kingdom	11.4	*	*	*

* Indicates less than 10%

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (USD $) In Thousands, except Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Revenue				
Total revenue	$ 18,963	$ 14,809	$ 57,327	$ 42,662
Cost of revenue				
Total cost of revenue	5,866	5,457	17,220	15,823
Gross profit				
Total gross profit	13,097	9,352	40,107	26,839
Operating expenses:				
Research and development	3,621	3,401	11,270	9,880
Sales and marketing	7,393	5,113	20,168	13,161
General and administrative	2,050	1,661	6,109	4,305
Total operating expenses	13,064	10,175	37,547	27,346
Income (loss) from operations	33	(823)	2,560	(507)
Interest and other expense, net	(53)	(242)	(317)	(457)
Income (loss) before income taxes	(20)	(1,065)	2,243	(964)
Provision for income taxes	(62)	(48)	(137)	(122)
Net income (loss)	(82)	(1,113)	2,106	(1,086)
Net income (loss) per share:				
Basic		$ (0.19)	$ 0.13	$ (0.18)
Diluted		$ (0.19)	$ 0.08	$ (0.18)
Weighted average shares used to compute net income (loss) per share:				
Basic	25,021	5,985	16,243	5,880
Diluted	25,021	5,985	25,882	5,880
Other comprehensive income (loss), net:				
Net unrealized gains (losses) on investments	6		5	
Net foreign currency translation gains (losses)	(7)	3	(31)	3
Total other comprehensive income (loss)	(1)	3	(26)	3
Total comprehensive income (loss)	(83)	(1,110)	2,080	(1,083)
Subscriptions and support				
Revenue				
Revenue	11,215	9,315	32,160	26,563
Cost of revenue				
Cost of revenue	2,175	1,928	6,212	5,599
Gross profit				
Total gross profit	9,040	7,387	25,948	20,964

Professional services and other				
Revenue				
Revenue	7,748	5,494	25,167	16,099
Cost of revenue				
Cost of revenue	3,691	3,529	11,008	10,224
Gross profit				
Total gross profit	$ 4,057	$ 1,965	$ 14,159	$ 5,875

Commitments and Contingencies	9 Months Ended Nov. 30, 2012
Commitments and Contingencies	

(7) Commitments and Contingencies

Leases

The Company leases its primary office space under noncancelable operating leases with various expiration dates through July 2018. Rent expense was $0.5 million and $0.4 million for the three months ended November 30, 2012 and 2011, and $1.4 million and $1.3 million for the nine months ended November 30, 2012 and 2011. Future minimum lease payments under noncancelable operating leases as of November 30, 2012 are as follows (in thousands):

Fiscal year ending:	
2013 (remaining 3 months)	$456
2014	1,446
2015	1,525
2016	1,222
2017	1,258
Thereafter	1,836
Total minimum lease payments	$7,743

Several of the operating lease agreements require the Company to provide security deposits. As of November 30, 2012 and February 29, 2012, lease deposits totaled $339,000 and $346,000. The deposits are generally refundable at the expiration of the lease, assuming all of the Company’s obligations under the lease agreement have been met, and are included in other assets in the consolidated balance sheets.

Contingencies

From time to time, the Company is subject to contingencies that arise in the ordinary course of business. The Company records an accrual for a contingency when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company does not currently believe the resolution of these contingencies will have a material adverse effect upon the Company’s financial position, results of operations or cash flows.

Related Party Transactions	9 Months Ended Nov. 30, 2012
Related Party Transactions	**(6) Related Party Transactions** One of the Company’s directors, Patrick J. O’Malley, III, is the Chief Financial Officer of Seagate Technology Public Limited Company, or Seagate PLC. Seagate LLC, a wholly owned subsidiary of Seagate PLC, is one of the Company’s customers and the Company received payments from Seagate LLC relating to subscriptions to the Company’s solutions. The Company received payments of $3,082,000 and $2,309,000 for the nine months ended November 30, 2012 and 2011, and $2,176,000 and $1,692,000 for the three months ended November 30, 2012 and 2011.

Commitments and Contingencies (Tables)	9 Months Ended Nov. 30, 2012
Future Minimum Lease Payments Under Noncancelable Operating Leases	Future minimum lease payments under noncancelable operating leases as of November 30, 2012 are as follows (in thousands):

Fiscal year ending:	
2013 (remaining 3 months)	$456
2014	1,446
2015	1,525
2016	1,222
2017	1,258
Thereafter	1,836
Total minimum lease payments	$7,743

Organization and Business Description (Policies)	9 Months Ended Nov. 30, 2012

Organization and Business Description

(1) Organization and Business Description

E2open, Inc. and subsidiaries (the Company), a Delaware corporation, was incorporated in September 2003. The Company provides cloud-based, on-demand software solutions delivered on an integrated platform that enables companies to collaborate with their trading partners to procure, manufacture, sell and distribute products more efficiently. The Company's customers depend on outsourced manufacturing strategies and complex trading networks to compete in today's global economy. They use the Company's solutions to gain visibility into and control over their trading networks. The Company's solutions enable its customers and their trading partners to overcome problems arising from communications across disparate systems by offering a reliable source of data, processes and analytics, which its customers rely on as the single version of the truth. The Company's solutions empower its customers to manage demand they cannot predict and supply they do not control.

The Company's corporate headquarters are located in Foster City, California, with additional offices in Austin and Dallas, Texas, China, France, Germany, Malaysia, Sweden, Taiwan and the United Kingdom.

Initial Public Offering

Initial Public Offering

On July 31, 2012, the Company closed its initial public offering ("IPO") of 4,687,500 shares of its common stock, which included 3,750,000 shares of common stock sold by the Company and 937,500 shares of common stock sold by the selling stockholders. The public offering price of the shares sold in the offering was $15.00 per share. The offer and sale of all of the shares in the initial public offering were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-179558), which was declared effective by the SEC on July 25, 2012. The Company did not receive any proceeds from the sales of shares by the selling stockholders. The total proceeds from the offering to the Company, net of underwriting discounts and commissions of approximately $3.9 million, were approximately $52.3 million. After deducting offering expenses paid by us of approximately $3.0 million, we received approximately $49.3 million. Upon the closing of the IPO, all shares of convertible preferred stock outstanding automatically converted into 14,845,528 shares of common stock.

Basis of Presentation

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and accompanying notes of the Company reflect all adjustments (all of which are normal and recurring in nature) that, in the opinion of management, are necessary for a fair presentation of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") have been condensed or omitted under the rules and regulations of the Securities and Exchange Commission ("SEC").

On June 29, 2012, the Company effected a 1-for-35 reverse stock split of our preferred stock and common stock. Upon the effectiveness of the reverse stock split, (i) every 35 shares of outstanding preferred stock and common stock was decreased to one share of preferred stock or common stock, as applicable, (ii) the number of shares of common stock into which each outstanding option to purchase common stock is exercisable was proportionally decreased on a 1-for-35 basis and (iii) the exercise price of each outstanding option to purchase common stock was proportionately increased on a 1-for-35 basis. All of the share numbers, share prices and exercise prices have been adjusted within the consolidated financial statements, on a retroactive basis, to reflect this 1-for-35 reverse stock split.

Use of Estimates

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported results of operations during the reporting period. Such estimates include the allowance for doubtful accounts, deferred tax asset valuation allowance, unrecognized tax benefits, accrued liabilities, stock-based compensation, and valuation of common and preferred stock. Actual results could differ from those estimates.

Revenue Recognition

Revenue Recognition

The Company generates revenue from the sale of subscriptions and support and professional services.

Subscriptions and Support. The Company offers on-demand software solutions, which enable its customers to have constant access to its solutions without the need to manage and support the software and associated hardware themselves. The Company houses the hardware and software in third-party facilities, and provides its customers with access to the software solutions, along with data security and storage, backup, and recovery services. The Company's customer contracts typically have a term of three years. The Company invoices its customers for subscriptions and support in advance for annual use of the software solutions. The Company's payment terms typically require customers to pay within 30 to 90 days from the invoice date.

Professional Services. Professional services revenue is derived primarily from fees for enabling services, including solution consulting and solution deployment. These services are sold in conjunction with the sale of the Company's on-demand software solutions. The Company provides professional services both on a fixed fee and a time and materials basis, and invoices customers either in advance, monthly, or upon reaching project milestones.

The Company enters into arrangements with multiple elements, comprised of subscriptions and support and professional services. Arrangements with customers typically do not provide the customer with the right to take possession of the software supporting the on-demand solutions. The Company commences revenue recognition when all of the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the Company's price to the customer is fixed or determinable, and collectability of the fees is reasonably assured.

The Company evaluates each of these criteria as follows:

Evidence of an Arrangement. The Company considers a binding agreement signed by it and the customer to be evidence of an arrangement.

Delivery .. The Company typically considers delivery to have occurred when the on-demand software solutions are made available to the customer or services have been rendered. In arrangements where an existing customer purchases additional solutions, delivery occurs upon commencement of the contractual term.

Fixed or Determinable Fee . The Company considers the fee to be fixed or determinable unless the fee is subject to refund or adjustment or is not payable within its standard payment terms. If the fee is not fixed or determinable, the Company recognizes the revenue as amounts become due and payable.

Collectability of the Fees Is Reasonably Assured. Collectability of the fees is reasonably assured if the Company expects that the customer will be able to pay amounts under the arrangement as payments become due. If the Company determines that collection is not reasonably assured, the Company defers the recognition of revenue until cash collection.

The Company accounts for subscriptions and support and professional services revenue as separate units of accounting and allocates revenue to each deliverable in an arrangement based on a selling price hierarchy. As the Company has been unable to establish VSOE or TPE for the elements of its arrangements, the Company determines the ESP for each element primarily by considering prices we charge for similar offerings, size of the order and historical pricing practices. Revenue allocated to subscriptions and support is recognized over the contractual term. Professional services revenue sold on a fixed fee basis is recognized either under the proportional performance method of accounting using estimated labor hours, or upon acceptance of the services. Revenue from professional services sold on a time and material basis is recognized as services are delivered.

Prior to fiscal 2012, the Company determined that it did not have objective and reliable evidence of fair value for each deliverable of our arrangements, and in accordance with the then existing accounting standards for multiple deliverable revenue arrangements, the Company accounted for subscriptions and support and professional services revenue as a single unit of accounting and recognized the total arrangement fee ratably over the contractual term of the subscription agreement. These arrangements, if materially modified after February 28, 2011, are accounted for under the current accounting standards for multiple deliverable revenue arrangements.

The Company excludes from revenue sales and other taxes collected on behalf of customers and remitted to governmental authorities.

Investments in debt and marketable equity securities

Investments in debt and marketable equity securities

The Company classifies all of its investments in debt and marketable equity securities as available-for-sale. Available-for-sale securities that the Company intends to hold for less than one year are classified as short term investments on the balance sheet, regardless of whether the stated maturity is greater than one year from the current balance sheet date. Investments that the Company intends to hold for more than one year are classified as long-term assets on the balance sheet. Available-for-sale securities are carried at fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income (loss) in stockholders' equity (deficit). For the three and nine months ended November 30, 2012, realized and unrealized gains and losses on investments were not material. We had no investments in debt and equity securities as of November 30, 2011 and February 29, 2012. An impairment charge is recorded in the consolidated statements of operations for declines in fair value below the cost of an individual investment that are deemed to be other than temporary. The Company assesses whether a decline in value is temporary based on the length of time that the fair market value has been below cost, the severity of the decline, as well as the intent and ability to hold, or plans to sell, the investment. For the three and nine months ended November 30, 2012, there is no impairment charge recorded in the consolidated statements of operations.

With the exception of the Company’s investments in debt and marketable equity securities policy above, there have been no material changes to the Company’s significant accounting policies as compared to the significant accounting policies disclosed in the Company’s audited consolidated financial statements for the fiscal year ended February 29, 2012 included in the Company’s final prospectus for initial public offering dated July 25, 2012 as filed with the Securities and Exchange Commission.

Recently Issued and Adopted Accounting Guidance

Recently Issued and Adopted Accounting Guidance

On June 16, 2011, the FASB issued new guidance on the presentation of other comprehensive income (loss) in financial statements. Under this new accounting guidance, an entity will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. The new accounting guidance eliminates the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. An entity should apply the new accounting guidance retrospectively. For a public entity, the new accounting guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. The Company adopted the provisions of the new accounting guidance effective March 1, 2012. The adoption of this accounting guidance did not have a material impact on the Company’s consolidated financial statements.

Cash and investments

Cash and investments

The following table presents cash, cash equivalents and available-for-sale securities for the periods presented (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Market Value
November 30, 2012 (unaudited):				
Cash	$969	$ —	$ —	$ 969
Cash equivalents:				
Money market accounts	4,391	—	—	4,391
Money market funds	926	—	—	926
Commercial paper	11,797	1	—	11,798
Short-term investments:				
Commercial paper	11,477	3	—	11,480
Corporate debt securities	1,099	1	(1)	1,099
Agency debt securities	1,854	—	—	1,854
Municipal debt securities	601	—	—	601
Mortgage-backed securities	412	—	—	412
Long-term investments:				
Corporate debt securities	5,223	5	(3)	5,225
Asset-backed securities	2,665	1	—	2,666

Mortgage-backed securities	1,296	1	(1)	1,296
Municipal debt securities	500	—	(1)	499
Total cash, cash equivalents, and investments	$43,210	$ 12	$ (6)	$ 43,216
February 29, 2012				
Cash	$8,189	$ —	$ —	$ 8,189
Cash equivalents:				
Money market accounts	2,030	—	—	2,030
Total cash and cash equivalents	$10,219	$ —	$ —	$ 10,219

The following table presents available-for-sale securities, recorded in cash equivalents and investments, by contractual maturity date as of November 30, 2012 (in thousands):

	Amortized Cost	Estimated Fair Market Value
Due in one year or less	$27,241	$ 27,244
Due after one year through two years	9,684	9,686
Total	$36,925	$ 36,930

For the three and nine months ended November 30, 2012, the realized gains and losses, and unrealized losses on these available-for-sale securities were not material. Additionally, none of these securities were in a continuous unrealized loss position for more than 12 months. As of November 30, 2012, the Company did not consider any of its available-for-sale securities to be other-than-temporarily impaired.

Stock-based Compensation	9 Months Ended Nov. 30, 2012
Stock-based Compensation	**(10) Stock-based Compensation**

Options and Awards Granted to Employees

In June 2012, the Board adopted the 2012 Stock Plan ("2012 Plan"), which was subsequently approved by the Company's stockholders. Upon the completion of the IPO, all shares that were reserved under the 2003 Stock Plan but not issued were assumed by the 2012 Plan. No additional shares will be issued under the 2003 Plan. Under the 2012 Plan, the Company has the ability to issue incentive stock options ("ISOs"), nonstatutory stock options ("NSOs"), stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance units and performance shares. No awards under the 2012 Plan were granted prior to the Company's IPO. As of November 30, 2012 and February 29, 2012, there were 5,492,338 and 2,816,587 shares of common stock reserved for issuance.

Options under the 2012 Plan may be granted for periods of up to 10 years and at prices no less than 100% of the estimated fair value of the underlying shares of common stock on the date of grant as determined by the board of directors; provided, however, that (i) the exercise price of an ISO and NSO shall not be less than 100% of the estimated fair value of the shares on the date of grant, and (ii) the exercise price of an ISO granted to a 10% stockholder shall not be less than 110% of the estimated fair value of the shares on the date of grant. Options generally vest 25% on the one-year anniversary of the option grant date, and then monthly for three additional years, and are exercisable for a period of 10 years after the date of grant.

Some options granted are immediately exercisable and any unvested portion of the shares acquired upon early exercise is subject to a right of repurchase by the Company upon the employee's termination at the original purchase price. The right of repurchase lapses as the options vest, which is generally over the four-year vesting period of the related options. As of November 30, 2012 and February 29, 2012, there were 30,152 and 125,633 shares exercised that were subject to repurchase. The $10,553 and $43,972 aggregate exercise price of the options subject to repurchase as of November 30, 2012 and February 29, 2012 is recorded in other noncurrent liabilities and will be amortized to equity as the options vest.

In July 2011, the Company awarded 749,464 stock options that were subject to certain financial-based performance requirements that must be achieved by February 28, 2013, and the employee's continued employment through February 28, 2013, before vesting can occur. For the three and nine months ended November 30, 2011, the Company had not recognized compensation expense associated with these grants because the Company believed that, based on current and expected operational results at that time, it was not probable that the associated financial performance requirements would be achieved. In March 2012, the Board of Directors approved a modification of the financial performance requirements. The modified requirements were deemed probable of achievement and, accordingly, the Company started to recognize the compensation expense related to the modified awards. For the three months and nine months ended November 30, 2012, the Company recognized $204,000 and $556,000 compensation expense related to these awards. The unrecognized compensation expense related to these options is $2,655,000 as of November 30, 2012. To the extent the Company's estimate of the timing of achievement of the performance requirements changes in the future, the timing of recognition of the related compensation expense may change.

In September and October 2012, the Company awarded 107,250 restricted stock units to certain employees at a per share weighted average grant date fair value of $13.79. The restricted stock units vest 25% on the one year anniversary of the award grant date, and then 25% will vest each year thereafter on the annual anniversary of the award grant date for three additional years. Total compensation expense for these awards recorded in the consolidated statement of operations for the three and nine months ended November 30, 2012 was $55,000. As of November 30, 2012, none of the awards were vested or released. The unrecognized compensation expense related to these awards is $1,042,000 as of November 30, 2012 which is expected to be recognized over a weighted average period of 3.83 years.

The determination of the fair value of stock-based payment awards on the date of grant using a pricing model is affected by the Company's stock price as well as by certain assumptions including the Company's expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behavior, risk-free interest rates, and expected dividends. The estimated grant date fair values of the employee stock options were calculated using the Black Scholes valuation model, based on the following assumptions:

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Expected term (in years)	6.05	6.05	5.99	6.08
Expected stock price volatility	51.6%	47.0%	50.0% - 55.0%	44.0% - 48.0%
Risk-free interest rate	0.8%	1.4%	0.8% - 1.3%	1.4% - 2.5%
Expected dividend yield	—	—	—	—

As of November 30, 2012 and February 29, 2012, the Company had $6,313,000 and $811,000 of unrecognized compensation expense, excluding estimated forfeitures, related to unvested stock option and awards, which are expected to be recognized over a weighted average period of 2.42 years and 2.69 years.

As of November 30, 2012 and February 29, 2012, there were 2,388,326 and 154,369 shares available for future grants under the Plan.

Activity under the Plan is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining term
Balance of options outstanding, February 29, 2012	2,816,349	$2.45	8.05 years
Options granted	464,385	12.06	
Options exercised	(208,909)	0.81	
Options canceled and forfeited	(75,200)	3.46	
Balance of options outstanding, November 30, 2012	2,996,625	3.88	7.83 years
Balance of options expected to vest as of February 29, 2012	2,190,981	2.10	7.68 years
Balance of options exercisable as of February 29, 2012	1,041,214	1.05	6.23 years

Balance of options expected to vest as of November 30, 2012	2,774,236	3.71	7.75 years
Balance of options exercisable as of November 30, 2012	1,254,987	2.01	6.54 years

The weighted average grant date fair value of the employee stock options granted during the three months ended November 30, 2012 and November 30, 2011 was $13.83 and $0.11, and for the nine months ended November 30, 2012 and November 30, 2011 was $12.06 and $0.09.

The intrinsic values of employee stock options exercised during the three months ended November 30, 2012 and November 30, 2011 was $109,000 and $43,000, and for the nine months ended November 30, 2012 and November 30, 2011 was $2,066,000 and $247,000. The intrinsic values of vested shares as of November 30, 2012 and February 29, 2012 were $15,188,749 and $1,942,000.

As of November 30, 2012 and February 29, 2012, the number of unvested options was 1,741,638 and 1,775,373. Compensation expense recorded for share-based payments amounted to $610,000 and $165,000 for the three months ended November 30, 2012 and 2011 and $1,571,000 and $410,000 for the nine months ended November 30, 2012 and 2011. No compensation expense was capitalized during the three and nine months ended November 30, 2012 and 2011.

The table below sets forth the functional classification of stock-based compensation expense for the periods presented (in thousands):

	Three Months Ended November 30,		**Nine Months Ended November 30,**	
	2012	**2011**	**2012**	**2011**
Cost of revenue	$ 181	$ 46	$444	$122
Research and development	52	20	130	53
Sales and marketing	206	53	488	135
General and administrative	171	46	509	100
	$ 610	$ 165	$1,571	$410

Interest and other expense, net	9 Months Ended Nov. 30, 2012
Interest and other expense, net	

(8) Interest and other expense, net

Interest and other expense, net for the periods presented consisted of the following (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Interest expense	$33	$48	$211	$138
Bank financing fees	12	46	127	131
Foreign exchange losses (gains)—realized and unrealized, net	(47)	149	104	191
Losses (gains) from foreign currency contracts—realized and unrealized, net	95	—	(76)	—
Interest income	(40)	(1)	(48)	(3)
Other, net	—	—	(1)	—
	$53	$242	$317	$457

Income Taxes	9 Months Ended Nov. 30, 2012
Income Taxes	

(9) Income Taxes

The Company records its interim provision for income taxes based on its estimated annual effective tax rate for the year. The income tax provision for the three months ended November 30, 2012 and 2011 was $62,000 and $48,000, and for the nine months ended November 30, 2012 and 2011 was $137,000 and $122,000. The Company has incurred operating losses for most years since inception. As of February 29, 2012, we had net operating loss, or NOL, carryforwards for federal income tax purposes of $316.5 million, which begin to expire in fiscal 2023, and have NOL carryforwards for state income tax purposes of $118.3 million, which begin to expire in fiscal 2013. In order to utilize the NOLs, we must generate consolidated taxable income which can offset such carryforwards. The deferred tax asset associated with the NOLs is $94.6 million. As a result of those continuing losses, management has determined insufficient evidence exists to support that it is more likely than not that the Company will realize the benefits of its U.S. net deferred tax assets and therefore has recorded a valuation allowance to reduce the net carrying value of these deferred tax assets to zero. Accordingly, the Company has not recorded a provision for income taxes for any of the periods presented other than provisions for estimated federal alternative minimum taxes, state and foreign income taxes, as well as income taxes in foreign jurisdictions. The Company's effective tax rates differ from the statutory rate due primarily to valuation allowances on our deferred taxes, state taxes, foreign taxes, and tax contingencies.

The Company is subject to income tax in the United States as well as other tax jurisdictions in which it conducts business. Earnings from non-U.S. activities are subject to local country income tax. The Company does not provide for federal income taxes on the undistributed earnings of its foreign subsidiaries as such earnings are expected to be reinvested indefinitely. There is $572,000 of undistributed earnings of the Company's foreign subsidiaries as of November 30, 2012. It is not practicable to determine the income tax liability that might be incurred if these earnings were to be repatriated.

As of February 29, 2012, the total amount of gross unrecognized tax benefits was $4.0 million, of which $0.2 million, if recognized, would affect the Company's effective tax rate. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. The total amount of gross interest and penalties accrued was $92,000 in 2012, and was classified as other noncurrent liabilities in the consolidated balance sheets. The Company believes that it has adequately provided for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. The Company is not currently under examination or audit by any taxing authorities. For the nine months ended November 30, 2012, there has been no material change in the total amount or composition of the Company's unrecognized tax benefits. The Company is subject to taxation in the U.S., various states and foreign jurisdictions. The 2000 to 2012 tax years' statutes of limitations generally remain open and are subject to U.S. federal and state tax examinations. The statutes of limitations in foreign jurisdictions range from four to seven years, and the open tax years subject to examination are from 2004 to 2012.

Net Income (Loss) Per Share Attributable to Common Stockholders	9 Months Ended Nov. 30, 2012

Net Income (Loss) Per Share Attributable to Common Stockholders

(11) Net Income (Loss) Per Share Attributable to Common Stockholders

For the three and the nine months ended November 30, 2012 and 2011, the Company's basic and diluted net income per share are presented in conformity with the two-class method, which is required because the Company issued securities other than common stock that participate in earnings with the common stock ("participating securities"), to compute the net income per share attributable to common stockholders. The Company determined that it had participating securities in the form of convertible preferred stock for the periods up to their conversion immediately prior to the Company's initial public offering declared effective on July 25, 2012 when all convertible preferred shares were converted to common stock. For the three and nine months ended November 30, 2012, we calculated the net earnings (loss) allocated to preferred stockholders for the period up to their conversion, in accordance with calculating the net income (loss) attributable to common stockholders under the two-class method. For the period from March 1, 2012 (beginning of fiscal 2013) through the Company's initial public offering in July 2012, the Company had a net loss, as such, there were no undistributed earnings allocable to preferred stockholders.

Under the two-class method, net income (loss) attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period convertible preferred stock non-cumulative dividends, between common stock and preferred stock. In computing diluted net income (loss) attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive securities. Basic net income (loss) per common share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Shares of common stock subject to repurchase resulting from the early exercise of employee stock options are considered participating securities and are therefore included in the basic weighted-average common shares outstanding. Diluted net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding, including potential dilutive common shares assuming the dilutive effect of outstanding stock options and warrants using the treasury stock method.

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

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Net income (loss) attributable to common stockholders				
Net income (loss)	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Less: undistributed earnings allocated to preferred stockholders	—	—	—	—

Net income (loss) attributable to common stockholders	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Basic shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Diluted shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Weighted average effect of dilutive stock options	—	—	1,678	—
Weighted average effect of restricted stock units			25	
Weighted average effect of convertible preferred stock	—	—	7,936	—
	25,021	5,985	25,882	5,880
Net income (loss) per share attributable to common stock holders:				
Basic	$ —	$ (0.19)	$ 0.13	$ (0.18)
Diluted	$ —	$ (0.19)	$ 0.08	$ (0.18)

The following outstanding shares, options, restricted stock units and warrants were excluded from the computation of diluted net income per share in the periods presented because including them would have had an antidilutive effect (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Options to purchase common stock	1,743	906	159	2,816
Convertible preferred stock	—	14,771	—	14,771
Preferred stock warrants	—	189	—	189
Unvested common shares subject to repurchase	38	181	—	181
Restricted stock units	107	—	—	—

Consolidated Balance Sheet Components - Additional Information (Detail) (USD $)	Nov. 30, 2012	Feb. 29, 2012
Balance Sheet Components [Line Items]		
Notes Payable	$ 1,123,000	$ 1,700,000
Equipment and software		
Balance Sheet Components [Line Items]		
Notes Payable	73,000	
Accumulated amortization	$ 8,000	

Significant Customer Information - Summary of Customers Accounting (Detail)	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Customer A				
Segment Reporting Information [Line Items]				
Percentage of total revenue	16.00%		13.00%	12.00%
Customer B				
Segment Reporting Information [Line Items]				
Percentage of total revenue		17.00%	18.00%	18.00%
Percentage of accounts receivable	13.00%	14.00%	13.00%	14.00%
Customer C				
Segment Reporting Information [Line Items]				
Percentage of total revenue			10.00%	
Percentage of accounts receivable		10.00%		10.00%
Customer D				
Segment Reporting Information [Line Items]				
Percentage of accounts receivable	14.00%	13.00%	14.00%	13.00%

Consolidated Balance Sheet Components (Tables)	9 Months Ended Nov. 30, 2012
Components of Consolidated Balance Sheet	Consolidated balance sheet components as of the dates presented consisted of the following (in thousands):

	November 30, 2012	February 29, 2012
	(Unaudited)	
Prepaid expenses and other current assets:		
Prepaid software license fees, hardware and software maintenance	$1,380	$618
Deferred initial public offering costs	—	1,246
Other prepaid expenses and other current assets	1,186	1,347
	$2,566	$3,211
Property and equipment, net:		
Computer equipment	$8,906	$7,958
Software	8,440	8,259
Furniture and fixtures	119	87
Leasehold improvements	485	430
	17,950	16,734
Less accumulated depreciation and amortization	(15,380)	(14,485)
	$2,570	$2,249
Allowance for doubtful accounts:		
Balance, beginning of period	$24	$28
Add: Provision for doubtful accounts	43	67
Less: write-offs	(55)	(71)
Balance, end of period	$12	$24
Accumulated depreciation and amortization of property and equipment:		
Balance, beginning of period	$14,485	$21,026
Add: Depreciation and amortization	1,196	1,526
Less: disposals, write-offs and other	(301)	(8,067)
Balance, end of period	$15,380	$14,485

	November 30, 2012	February 29, 2012
	(Unaudited)	
Accounts payable and accrued liabilities:		
Accrued compensation costs	$5,628	$5,326
Trade accounts payable	3,159	2,028
Accrued taxes and other	1,897	1,788
	$10,684	$9,142

Net Income (Loss) Per Share Attributable to Common Stockholders (Tables)

9 Months Ended

Nov. 30, 2012

Computation of Basic and Diluted Net Income (Loss) Per Share

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

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Net income (loss) attributable to common stockholders				
Net income (loss)	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Less: undistributed earnings allocated to preferred stockholders	—	—	—	—
Net income (loss) attributable to common stockholders	$ (82)	$ (1,113)	$ 2,106	$ (1,086)
Basic shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Diluted shares:				
Weighted average common shares outstanding	25,021	5,985	16,243	5,880
Weighted average effect of dilutive stock options	—	—	1,678	—
Weighted average effect of restricted stock units			25	
Weighted average effect of convertible preferred stock	—	—	7,936	—
	25,021	5,985	25,882	5,880
Net income (loss) per share attributable to common stock holders:				
Basic	$ —	$ (0.19)	$ 0.13	$ (0.18)
Diluted	$ —	$ (0.19)	$ 0.08	$ (0.18)

Computation of Diluted Net Income (Loss) Per Share Excluding Shares Options and Warrants

The following outstanding shares, options, restricted stock units and warrants were excluded from the computation of diluted net income per share in the periods presented because including them would have had an antidilutive effect (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2012	2011	2012	2011
Options to purchase common stock	1,743	906	159	2,816
Convertible preferred stock	—	14,771	—	14,771
Preferred stock warrants	—	189	—	189
Unvested common shares subject to repurchase	38	181	—	181
Restricted stock units	107	—	—	—

Fair Value Measurements - Assets and Liabilities Measured at Fair Value on Recurring Basis (Detail) (USD $) In Thousands, unless otherwise specified	Nov. 30, 2012	Feb. 29, 2012
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	$ 42,318	$ 2,244
Fair value liabilities	121	
Cash equivalents | Money market accounts		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	4,391	2,030
Cash equivalents | Money market funds		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	926	
Cash equivalents | Commercial paper		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	11,798	
Short-term investments | Commercial paper		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	11,480	
Short-term investments | Corporate debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	1,099	
Short-term investments | Agency debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	1,854	
Short-term investments | Municipal debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	601	
Short-term investments | Mortgage-backed securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	412	
Other current assets | Foreign currency forward contracts		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	55	158
Long-term investments | Corporate debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	5,225	
Long-term investments | Mortgage-backed securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	1,296	
Long-term investments | Asset-backed securities		

Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	2,666	
Long-term investments | Municipal debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	499	
Other noncurrent assets | Certificate of deposit		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	16	56
Other current liabilities | Foreign currency forward contracts		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value liabilities	121	
Level 1		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	5,333	2,086
Level 1 | Cash equivalents | Money market accounts		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	4,391	2,030
Level 1 | Cash equivalents | Money market funds		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	926	
Level 1 | Other noncurrent assets | Certificate of deposit		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	16	56
Level 2		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	36,985	158
Fair value liabilities	121	
Level 2 | Cash equivalents | Commercial paper		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	11,798	
Level 2 | Short-term investments | Commercial paper		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	11,480	
Level 2 | Short-term investments | Corporate debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	1,099	
Level 2 | Short-term investments | Agency debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	1,854	
Level 2 | Short-term investments | Municipal debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	601	
Level 2 | Short-term investments | Mortgage-backed securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		

Fair value assets	412	
Level 2 | Other current assets | Foreign currency forward contracts		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	55	158
Level 2 | Long-term investments | Corporate debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	5,225	
Level 2 | Long-term investments | Mortgage-backed securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	1,296	
Level 2 | Long-term investments | Asset-backed securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	2,666	
Level 2 | Long-term investments | Municipal debt securities		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value assets	499	
Level 2 | Other current liabilities | Foreign currency forward contracts		
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]		
Fair value liabilities	$ 121	

Interest and Other Expense, Net - Interest and Other Expense, Net (Detail) (USD $) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Interest Expense [Line Items]				
Interest expense	$ 33	$ 48	$ 211	$ 138
Bank financing fees	12	46	127	131
Foreign exchange losses (gains)-realized and unrealized, net	(47)	149	104	191
Losses (gains) from foreign currency contracts-realized and unrealized, net	95		(76)	
Interest income	(40)	(1)	(48)	(3)
Other, net			(1)	
Interest and other expense, net	$ 53	$ 242	$ 317	$ 457

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Thousands, unless otherwise specified	9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011
Cash flows from operating activities:		
Net income (loss)	$ 2,106	$ (1,086)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	1,571	410
Depreciation and amortization	1,196	1,150
Other	245	
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,472)	(2,525)
Prepaid expenses and other current assets	628	(72)
Accounts payable and accrued liabilities	1,521	1,207
Deferred revenue	(8,828)	(1,109)
Other noncurrent liabilities	(62)	29
Net cash used in operating activities	(5,095)	(1,996)
Cash flows from investing activities:		
Capital expenditures	(1,117)	(495)
Purchase of marketable securities	(28,414)	
Proceeds from sale and maturities of marketable securities	3,271	
Long-term deposits and restricted cash	26	(89)
Net cash used in investing activities	(26,234)	(584)
Cash flows from financing activities:		
Proceeds from bank debt	30,300	31,102
Repayments of bank debt	(39,950)	(27,710)
Repayments of notes payable and capital lease obligations	(1,895)	(873)
Proceeds from initial public offering, net of underwriting discounts and commissions	52,313	
Payments of deferred initial public offering costs	(2,410)	(130)
Issuance of preferred stock upon exercise of warrants, net of issuance costs	700	145
Proceeds from exercise of common share options	170	31
Repurchase of fractional shares from reverse stock split	(3)	
Net cash provided by financing activities	39,225	2,565
Effect of exchange rate changes on cash and cash equivalents	(31)	(2)
Net increase (decrease) in cash and cash equivalents	7,865	(17)
Cash and cash equivalents at beginning of period	10,219	10,060
Cash and cash equivalents at end of period	18,084	10,043
Supplemental cash flow information:		
Interest	208	137
Income taxes	119	87
Noncash financing and investing activities:		

Property, software and equipment acquired under notes payable and capital leases	73	152
Vesting of early exercised options	33	59
Automatic conversion of preferred stock to common stock in connection with IPO	$ 84,191	

Notes Payable and Capital Lease Obligation	9 Months Ended Nov. 30, 2012

Notes Payable and Capital Lease Obligation

(5) Notes Payable and Capital Lease Obligation

For the three and nine months ended November 30, 2012, the Company financed the payments for certain software and related support and maintenance, and insurance premiums with notes payable and capital lease obligations. The total amount financed was $1.6 million as of November 30, 2012. The term of the notes payable are between nine months and three years, and the notes bear interest at rates ranging from 3.03% to 13.13% per annum. The total principal payments remaining under the notes payable and capital lease obligations of $1.1 million become due as of November 30, 2012 as follows (in thousands):

Fiscal year ending:	
2013 (remaining 3 months)	$369
2014	580
2015	141
2016	33
	$1,123

Fair Value Measurements (Tables)

9 Months Ended Nov. 30, 2012

Assets and Liabilities Measured at Fair Value on Recurring Basis

The Company's assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy as of November 30, 2012 and February 29, 2012, are summarized as follows (in thousands):

	November 30, 2012				February 29, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents:								
Money market accounts	$4,391	$—	$—	$4,391	$2,030	$—	$—	$2,030
Money market funds	926	—	—	926	—	—	—	—
Commercial paper	—	11,798	—	11,798	—	—	—	—
Short-term investments:								
Commercial paper	—	11,480	—	11,480	—	—	—	—
Corporate debt securities	—	1,099	—	1,099	—	—	—	—
Agency bonds	—	1,854	—	1,854	—	—	—	—
Municipal bonds	—	601	—	601	—	—	—	—
Mortgage backed securities	—	412	—	412	—	—	—	—
Other current assets:								
Foreign currency forward contracts	—	55	—	55	—	158	—	158
Long-term investments:								
Corporate debt securities	—	5,225	—	5,225	—	—	—	—
Asset backed securities	—	2,666	—	2,666	—	—	—	—
Mortgage backed securities	—	1,296	—	1,296	—	—	—	—
Municipal bonds	—	499	—	499	—	—	—	—
Other noncurrent assets:								
Certificate of deposit	16	—	—	16	56	—	—	56
Total assets	$5,333	$36,985	$—	$42,318	$2,086	$158	$—	$2,244
Other current liabilities:								
Foreign currency forward contracts	—	121	—	121	—	—	—	—
Total liabilities	$—	$121	$—	$121	$—	$—	$—	$—

Summary of Foreign Exchange Contracts Details

The tables below present the notional amounts (at the contract exchange rates), the weighted-average contractual foreign currency exchange rates, and the estimated fair value of contracts outstanding as of November 30, 2012 and February 29, 2012 (in USD thousands, except average contract rate):

	November 30, 2012			February 29, 2012		
	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value	Notional Sell (Buy)	Average Contract Rate	Estimated Fair Value
Foreign currency forward exchange contracts:						
Euro	$6,840	1.3	$ (125)	$4,387	1.3	$ 83
Malaysian Ringgit	(2,400)	3.1	59	(2,032)	3.1	75

Total	$4,440	$ (66)	2,355	$ 158

Related Party Transactions - Additional Information (Detail) (USD $)	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Related Party Transaction [Line Items]				
Related party transactions payments received	$ 2,176,000	$ 1,692,000	$ 3,082,000	$ 2,309,000

Summary of Significant Accounting Policies (Tables)	9 Months Ended Nov. 30, 2012

Schedule of Cash, Cash Equivalents and Available-For-Sale Investments

The following table presents cash, cash equivalents and available-for-sale securities for the periods presented (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Market Value
November 30, 2012 (unaudited):				
Cash	$969	$ —	$ —	$969
Cash equivalents:				
Money market accounts	4,391	—	—	4,391
Money market funds	926	—	—	926
Commercial paper	11,797	1	—	11,798
Short-term investments:				
Commercial paper	11,477	3	—	11,480
Corporate debt securities	1,099	1	(1)	1,099
Agency debt securities	1,854	—	—	1,854
Municipal debt securities	601	—	—	601
Mortgage-backed securities	412	—	—	412
Long-term investments:				
Corporate debt securities	5,223	5	(3)	5,225
Asset-backed securities	2,665	1	—	2,666
Mortgage-backed securities	1,296	1	(1)	1,296
Municipal debt securities	500	—	(1)	499
Total cash, cash equivalents, and investments	$43,210	$ 12	$ (6)	$43,216
February 29, 2012				
Cash	$8,189	$ —	$ —	$8,189
Cash equivalents:				
Money market accounts	2,030	—	—	2,030
Total cash and cash equivalents	$10,219	$ —	$ —	$10,219

Schedule of Available-For-Sale Investments by Contractual Maturity Date

The following table presents available-for-sale securities, recorded in cash equivalents and investments, by contractual maturity date as of November 30, 2012 (in thousands):

	Amortized Cost	Estimated Fair Market Value
Due in one year or less	$27,241	$27,244
Due after one year through two years	9,684	9,686
Total	$36,925	$36,930