

SPLUNK INC  
Form S-3ASR  
January 21, 2014  
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As filed with the Securities and Exchange Commission on January 21, 2014

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-3**

**REGISTRATION STATEMENT**

**Under**

**The Securities Act of 1933**

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**SPLUNK INC.**

(Exact name of Registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**86-1106510**  
(I.R.S. Employer  
Identification Number)

**250 Brannan Street**  
**San Francisco, California 94107**

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(415) 848-8400

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

---

**Godfrey R. Sullivan**

**President and Chief Executive Officer**

**Splunk Inc.**

**250 Brannan Street**

**San Francisco, California 94107**

**(415) 848-8400**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.**

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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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. (Check one):

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

Accelerated filer  
 Smaller reporting company

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## CALCULATION OF REGISTRATION FEE

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Share</b>	<b>Proposed Maximum Aggregate Offering Price(1)(2)</b>	<b>Amount of Registration Fee(3)</b>
Common Stock, \$0.001 par value per share			\$ 600,000,000	

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act. The aggregate public offering price of the common stock registered hereunder will not exceed \$600,000,000.

(2) Includes offering price of shares that the underwriters have the option to purchase to cover over-allotments, if any.

(3) The registrant is deferring payment of the registration fee pursuant to Rule 456(b) under the Securities Act and is omitting this information in reliance on Rule 456(b) and Rule 457(r) under the Securities Act.

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The information in this prospectus is not complete and may be changed. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

*PROSPECTUS (Subject to Completion)*

*Issued January 21, 2014*

*6,000,000 shares*

*COMMON STOCK*

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*Splunk Inc. is offering 6,000,000 shares of its common stock.*

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*Our common stock is listed on The NASDAQ Global Select Market under the symbol SPLK. On January 17, 2014, the reported closing sale price of our common stock on The NASDAQ Global Select Market was \$79.67 per share.*

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*Investing in our common stock involves risks. See Risk Factors beginning on page 6.*

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*PRICE \$ A SHARE*

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	Price to Public	Underwriting Discount and Commissions (1)	Proceeds to Splunk
<i>Per share</i>	\$	\$	\$
<i>Total</i>	\$	\$	\$

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(1) See Underwriting.

*We have granted the underwriters the option to purchase up to an additional 900,000 shares of common stock at the public offering price less the underwriting discounts and commissions to cover over-allotments.*

*The Securities and Exchange Commission and state regulators have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

*The underwriters expect to deliver the shares of common stock to purchasers on \_\_\_\_\_, 2014.*

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*MORGAN STANLEY*

*CREDIT SUISSE*

*J.P. MORGAN*

*BofA MERRILL LYNCH*

*PACIFIC CREST SECURITIES*

*UBS INVESTMENT BANK*

*COWEN AND COMPANY*

January \_\_\_\_\_, 2014

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You should rely only on the information contained or incorporated by reference in this prospectus or any free writing prospectus provided in connection with this offering. Neither we nor the underwriters have authorized anyone to provide you with any information other than the information contained or incorporated by reference in this prospectus or any free writing prospectus provided in connection with this offering. Neither we nor the underwriters are making an offer to sell securities in any jurisdiction where the offer or sale is not permitted. The information contained or incorporated by reference in this prospectus or any free writing prospectus provided in connection with this offering is accurate only as of the date thereof, regardless of the time of delivery of such document or of any sale of our shares of common stock. Our business, financial condition and results of operations may have changed since those dates. It is important for you to read and consider all the information contained in this prospectus, including the documents incorporated by reference herein or any free writing prospectus provided in connection with this offering, in making your investment decision.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.

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**PROSPECTUS SUMMARY**

*This summary highlights information appearing elsewhere in this prospectus and the documents incorporated herein by reference and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information included elsewhere in, or incorporated by reference into, this prospectus, including our consolidated financial statements and the related notes, or any free writing prospectus provided in connection with this offering. You should carefully consider, among other things, the matters discussed in the section titled Risk Factors, which is included elsewhere in this prospectus and in other documents that we subsequently file with the Securities and Exchange Commission (SEC) that are incorporated by reference in this prospectus.*

*In this prospectus, Splunk, we, us and our refer to Splunk Inc. and its subsidiaries unless expressly stated or otherwise required by the context. Our fiscal year ends on January 31.*

Splunk provides an innovative software platform that enables organizations to gain real-time operational intelligence by harnessing the value of their data. Our software collects and indexes data regardless of format or source and enables users to search, correlate, analyze, monitor and report on this data. Our software addresses large and diverse data sets, commonly referred to as big data, and is specifically tailored for machine-generated data. Machine data is produced by nearly every software application and electronic device in an organization and contains a definitive, time-stamped record of various activities, such as transactions, customer and user activities, and security threats. Our software is designed to help users in various roles, including IT and business professionals, analyze their machine data and realize real-time visibility into and intelligence about their organization's operations. This operational intelligence enables organizations to improve service levels, reduce costs, mitigate security risks, demonstrate and maintain compliance, and gain new insights that enable them to drive better business decisions.

We believe the market for software that provides operational intelligence presents a substantial opportunity as data grows in volume and diversity, creating new risks, opportunities and challenges for organizations. Since our inception, we have invested and continue to invest a substantial amount of resources developing our products and technology to address this market, specifically with respect to machine data.

Our software architecture is designed to accelerate return-on-investment for our customers. It does not require customization, long deployment cycles or extensive professional services commonly associated with traditional enterprise software applications. Users can simply download and install the software, typically in a matter of hours, connect to their relevant machine data sources and begin realizing operational intelligence. We also offer customers with complex IT infrastructure the ability to leverage the expertise of our professional services organization to deploy our software. We generally base our license fees on the estimated peak daily data indexing capacity our customers require. Prospective customers can download a trial version of our software that provides a full set of features but limited data indexing capacity. Following the 60-day trial period, prospective customers can purchase a license for our product or continue using our product with reduced features and limited data indexing capacity. We primarily license our software under perpetual licenses whereby we generally recognize the license fee portion of these arrangements upfront. As a result, the timing of when we enter into large perpetual licenses may lead to fluctuations in our revenues and operating results because our expenses are largely fixed in the short-term. From time to time, we enter into transactions that are designed to enable broad adoption of our software within an enterprise. These arrangements typically include provisions that require revenue deferral and recognition over time.

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We intend to continue investing for long-term growth. We have invested and expect to continue to invest heavily in our product development efforts to deliver additional compelling products and features, address customer needs and uses, and enable solutions that can address new end markets. In addition, we expect to continue to aggressively expand our sales and marketing organizations to market and sell our software both in the United States and internationally.

Our goal is to make our software the platform for delivering operational intelligence and real-time business insights from machine data. The key elements of our growth strategy are to:

- Extend our technological capabilities.
- Continue to expand our direct and indirect sales organization, including our channel relationships, to acquire new customers.
- Further penetrate our existing customer base and drive enterprise-wide adoption.
- Develop additional solutions in adjacent markets as well as products and services that enable organizations to use our software in different ways, such as our cloud-based service, Splunk Cloud and Hunk: Splunk Analytics for Hadoop.
- Build premium apps on our core platform that enable organizations to realize additional value from our software, such as Splunk App for Enterprise Security, Splunk App for VMware and Splunk App for PCI.
- Grow our user communities and partner ecosystem to increase awareness of our brand, target new use cases, drive operational leverage and deliver more targeted, higher value solutions.
- Become the developer platform for machine data.

We believe the factors that will influence our ability to achieve our goals include, among other things, our ability to rapidly innovate and deliver compelling technology and additional functionality; create new delivery platforms; drive acquisition of new customers across geographies and industries; cultivate incremental sales from our existing customers by driving increased use of our software within organizations; provide additional solutions that leverage our core machine data engine to help organizations understand and unlock the value of their machine data in specific end markets and use cases; add additional OEM and strategic relationships to enable new sales channels for our software as well as extend our integration with third party products; and help software developers leverage the functionality of our machine data engine through software development kits (SDKs) and application programming interfaces (APIs).



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We have recently expanded our product portfolio and as a result have gone from a single product company to a multi-product company. We announced the general availability of Splunk Cloud, a new service that delivers Splunk Enterprise in the cloud, and the general availability of Hunk: Splunk Analytics for Hadoop, a new software product that enables exploration, analysis and visualization of data in Hadoop.

Our customers and end-users represent the public sector and a wide variety of industries, including financial services, manufacturing, retail and technology, among others. As of October 31, 2013, we had more than 6,400 Splunk Enterprise customers. For fiscal 2011, 2012 and 2013, our revenues were \$66.2 million, \$121.0 million and \$198.9 million, respectively, representing year-over-year growth of 64% for fiscal 2013 and 83% for fiscal 2012, and our net loss was \$3.8 million, \$11.0 million and \$36.7 million, respectively. For the first nine months of fiscal 2012 and fiscal 2013, our revenues were \$133.7 million and \$202.7 million, respectively, representing year-over-year growth of 52%, and our net loss was \$30.5 million and \$46.4 million, respectively.

### **Corporate Information**

Our principal executive offices are located at 250 Brannan Street, San Francisco, California 94107, and our telephone number is (415) 848-8400. Our website is [www.splunk.com](http://www.splunk.com). Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus. We were incorporated in California in October 2003 and were reincorporated in Delaware in May 2006.

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**THE OFFERING**

Common stock offered by us	6,000,000 shares
Common stock to be outstanding after this offering	112,792,588 shares
Over-allotment option to purchase additional shares of common stock from us	900,000 shares
Use of proceeds	We intend to use the net proceeds to us from this offering for working capital and other general corporate purposes. However, we do not currently have any specific uses of the net proceeds planned. We anticipate that we will use a portion of the proceeds for acquisitions of businesses, technologies, or other assets. However, we do not have agreements or commitments relating to any specific acquisitions at this time. See Use of Proceeds.
Risk factors	See Risk Factors for a discussion of factors that you should consider carefully before deciding whether to purchase shares of our common stock.
The NASDAQ Global Select Market symbol	SPLK

The number of shares of common stock to be outstanding after this offering is based on 106,792,588 shares of our common stock outstanding as of October 31, 2013, and excludes:

- 13,190,975 shares of our common stock issuable upon exercise of options outstanding as of October 31, 2013, having a weighted-average exercise price of \$4.50 per share;
- 4,316,108 shares of our common stock subject to restricted stock units ( RSUs ) outstanding as of October 31, 2013;
- 5,846,035 shares of our common stock subject to options and RSUs granted between November 1, 2013 and January 17, 2014;
- 11,740,766 shares of our common stock reserved for issuance under our 2012 Equity Incentive Plan as of October 31, 2013; and
- 3,266,859 shares of our common stock reserved for issuance under our 2012 Employee Stock Purchase Plan as of October 31, 2013.

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Unless otherwise noted, all information in this prospectus assumes no exercise of the underwriters' option to purchase additional shares of common stock.

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The following tables set forth our consolidated statements of operations data for the years January 31, 2011, 2012 and 2013, and the nine months ended October 31, 2012 and 2013, as well as the consolidated balance sheet data as of October 31, 2013. The summary consolidated financial data for the years ended January 31, 2011, 2012 and 2013 was derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended January 31, 2013, which is incorporated into this prospectus by reference. The unaudited summary consolidated financial data as of October 31, 2013 and for the nine months ended October 31, 2012 and 2013 was derived from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended October 31, 2013, which is incorporated into this prospectus by reference. The summary consolidated financial data for the nine months ended October 31, 2012 and 2013 and as of October 31, 2013, include all adjustments, consisting only of normal recurring adjustments, that in the opinion of management are necessary for a fair presentation. Results as of and for the nine months ended October 31, 2013 are not necessarily indicative of results expected for the current fiscal year or any future period. You should read this information in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended January 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended October 31, 2013, which are each incorporated into this prospectus by reference.

	Nine Months Ended October 31,		Year Ended January 31,		2011
	2013	2012	2013	2012	
(In thousands, except per share amounts)					
<b>Consolidated Statements of Operations Data:</b>					
Revenues					
License	\$ 130,230	\$ 89,146	\$ 135,922	\$ 88,308	\$ 49,926
Maintenance and services	72,483	44,573	63,022	32,652	16,319
Total Revenues	202,713	133,719	198,944	120,960	66,245
Cost of revenues(1)					
License	229	283	727	890	228
Maintenance and services	24,398	14,506	20,697	10,715	6,428
Total cost of revenues	24,627	14,789	21,424	11,605	6,656
Gross profit	178,086	118,930	177,520	109,355	59,589
Operating expenses(1)					
Research and development	49,635	28,568	41,853	23,561	14,025
Sales and marketing	138,999	84,753	125,098	74,782	39,909
General and administrative	35,275	21,718	32,602	19,698	8,949
Total operating expenses	223,909	135,039	199,553	118,041	62,883
Operating loss	(45,823)	(16,109)	(22,033)	(8,686)	(3,294)
Interest and other income (expense), net					
Interest income (expense), net	174	115	152	(94)	(21)
Other income (expense), net	(459)				
Change in fair value of preferred stock warrants		(14,087)	(14,087)	(2,034)	(366)
Total interest and other income (expense), net	(285)	(13,972)	(13,935)	(2,128)	(387)
Loss before income taxes	(46,108)	(30,081)	(35,968)	(10,814)	(3,681)
Income tax provision	269	438	713	178	125
Net loss	\$ (46,377)	\$ (30,519)	\$ (36,681)	\$ (10,992)	\$ (3,806)
Basic and diluted net loss per share	\$ (0.45)	\$ (0.41)	\$ (0.46)	\$ (0.53)	\$ (0.21)
Weighted-average shares used in computing basic and diluted net loss per share	104,063	73,951	80,246	20,646	17,738

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(1) Amounts include stock-based compensation expense, as follows:

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	Nine Months Ended October 31,		2013 (In thousands)	Year Ended January 31,		2011
	2013	2012		2012	2011	
Costs of revenues	\$ 2,735	\$ 697	\$ 1,217	\$ 134	\$ 59	
Research and development	10,995	3,722	6,170	841	347	
Sales and marketing	15,425	4,456	8,093	1,488	495	
General and administrative	6,969	2,348	4,000	1,297	684	

	As of October 31, 2013	
	Actual	As Adjusted(1)
(In thousands)		
<b>Consolidated Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 351,895	\$ 812,666
Working capital	261,393	722,164
Total assets	439,826	900,597
Deferred revenue, current and long-term	141,145	141,145
Total stockholders' equity	250,082	710,853

(1) The as adjusted balance sheet data gives effect to our receipt of net proceeds from the sale by us in this offering of 6,000,000 shares of common stock at an assumed price of \$79.67 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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**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**

*The market for our software licenses is new and unproven and may not grow.*

We believe our future success will depend in large part on the growth, if any, in the market for software that provides operational intelligence, particularly software designed to collect and index machine data. We market our software as a targeted solution for specific use cases and as an enterprise solution for machine data. In order to grow our business, we intend to expand the functionality of our products to increase their acceptance and use by the broader market. It is difficult to predict customer adoption and renewal rates, customer demand for our software licenses, the size and growth rate of this market, the entry of competitive products or the success of existing competitive products. Any expansion in our market depends on a number of factors, including the cost, performance and perceived value associated with such software licenses. If the market for our software licenses does not achieve widespread adoption or there is a reduction in demand for software in our market caused by a lack of customer acceptance, technological challenges, lack of accessible machine data, competing technologies and products, decreases in corporate or information technology spending, weakening economic conditions, or otherwise, it could result in reduced customer orders, early terminations, reduced renewal rates or decreased revenues, any of which would adversely affect our business operations and financial results. We believe that these are inherent risks and difficulties in this new and unproven market.

*We have a short operating history, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.*

We have a short operating history, which limits our ability to forecast our future operating results and subjects us to a number of uncertainties, including our ability to plan for and model future growth. We have encountered and will continue to encounter risks and uncertainties frequently experienced by growing companies in developing industries. If our assumptions regarding these uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in our markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer. Moreover, although we have experienced rapid growth historically, we may not continue to grow as rapidly in the future. Any success that we may experience in the future will depend in large part on our ability to, among other things:

- maintain and expand our customer base and the ways in which our customers use our software;

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- increase revenues from existing customers through increased or broader use of our software within their organizations;
- improve the performance and capabilities of our software through research and development;



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- continue to develop and expand adoption of cloud-based services, including Splunk Storm and Splunk Cloud;
- successfully introduce, develop and expand adoption of our new products, such as Hunk: Splunk Analytics for Hadoop ( Hunk );
- successfully expand our business domestically and internationally;
- successfully compete with other companies, open source initiatives and custom development efforts that are currently in, or may in the future enter, the markets for our software;
- successfully provide our customers a compelling business case to purchase our software in a time frame that matches our and our customers sales and purchase cycles;
- continue to invest in our application development platform to foster an ecosystem of developers and users to expand the use cases of our software;
- generate leads and convert users of the trial version of our software to paying customers;
- prevent users from circumventing the terms of their software licenses;
- maintain and enhance our website infrastructure to minimize interruptions or slower than expected download times when accessing our software from our website;
- process, store and use our customers data in compliance with applicable governmental regulations and other legal obligations related to data privacy and security; and
- hire, integrate and retain world class professional and technical talent.

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If we fail to address the risks and difficulties we face, including those described elsewhere in this Risk Factors section, our business will be adversely affected and our business operations and financial results will suffer.

***Our future operating results may fluctuate significantly, and our recent operating results may not be a good indication of our future performance.***

Our revenues and operating results could vary significantly from period to period as a result of various factors, many of which are outside of our control. For example, we primarily enter into perpetual license agreements, whereby we generally recognize the license fee portion of the arrangement upfront, assuming all revenue recognition criteria are satisfied. Our customers also have the choice of entering into term licenses for our software, whereby the license fee is recognized ratably over the license term. At the beginning of each quarter, we do not know the ratio between perpetual licenses and term licenses that we will enter into during the quarter. As a result, our operating results could be significantly impacted by unexpected shifts in the ratio between perpetual licenses and term licenses. In addition, the size of our licenses varies greatly, and a single, large perpetual license in a given period could distort our operating results. The timing and size of large transactions are often hard to predict in any particular period. Comparing our revenues and operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance.

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We may not be able to accurately predict our future revenues or results of operations. In particular, since the beginning of fiscal 2011, more than half of the revenues we recognize each quarter has been attributable to sales made in that same quarter with the balance of the revenues being attributable to sales made in prior quarters in which the related revenues were not recognized upfront. As a result, our ability to forecast revenues on a quarterly or longer term basis is extremely limited. We base our current and future expense levels on our operating plans and sales forecasts, while our operating costs are expected to be relatively fixed in the short-term. As a result, we may not be able to reduce our costs sufficiently to compensate for an unexpected shortfall in revenues, and even a small shortfall in revenues could disproportionately and adversely affect our financial results for that quarter.

In addition to other risk factors described elsewhere in this Risk Factors section, factors that may cause our financial results to fluctuate from quarter to quarter include:

- the timing of our sales during the quarter, particularly because a large portion of our sales occur toward the end of the quarter, or the loss or delay of a few large contracts;
- the mix of revenues attributable to larger transactions as opposed to smaller transactions and the impact that a change in mix may have on the overall average selling price of our software;
- the mix of revenues attributable to perpetual and term licenses, maintenance and professional services and training, which may impact our gross margins and operating income;
- the renewal and usage rates of our customers;
- changes in the competitive dynamics of our market;
- changes in customers' budgets and in the timing of their purchasing decisions;
- customers delaying purchasing decisions in anticipation of new software or software enhancements by us or our competitors;
- customer acceptance of and willingness to pay for new versions of our software or new solutions for specific product and end markets;

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- our ability to successfully introduce and monetize new products and licensing and service models for our new products, such as Hunk and Splunk Cloud;
- our ability to control costs, including our operating expenses;
- the timing of satisfying revenue recognition criteria;
- our ability to qualify and compete for government contracts;
- &#160