

OPEN TEXT CORP
Form 10-K
July 29, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended June 30, 2015.

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: 0-27544

OPEN TEXT CORPORATION

(Exact name of Registrant as specified in its charter)

Canada

98-0154400

(State or other jurisdiction

(IRS Employer

of incorporation or organization)

Identification No.)

275 Frank Tompa Drive,
Waterloo, Ontario, Canada

N2L 0A1

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (519) 888-7111

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

Title of each class

Name of each exchange on which registered

Common stock without par value

NASDAQ Global Select Market

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

None

(Title of Class)

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

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

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 ý 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 Regulations 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 ý No ..

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulations S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form

10-K.

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

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

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

Aggregate market value of the Registrant's Common Shares held by non-affiliates, based on the closing price of the Common Shares as reported by the NASDAQ Global Select Market ("NASDAQ") on December 31, 2014, the end of the registrant's most recently completed second fiscal quarter, was approximately \$7.0 billion. The number of the Registrant's Common Shares outstanding as of July 27, 2015 was 122,337,654.

DOCUMENTS INCORPORATED BY REFERENCE

None.

OPEN TEXT CORPORATION
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PART I

Forward-Looking Statements

In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the U.S. Securities Act of 1933, as amended (the Securities Act), and is subject to the safe harbours created by those sections. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “may”, “could”, “would”, “might”, “will” and variations of these words or expressions are intended to identify forward-looking statements. In addition, any statements that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements involve known and unknown risks as well as uncertainties, including those discussed herein and in the Notes to Consolidated Financial Statements for the year ended June 30, 2015, which are set forth in Part II, Item 8 of this Annual Report. The actual results that we achieve may differ materially from any forward-looking statements, which reflect management's current expectations and projections about future results only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements. A number of factors may materially affect our business, financial condition, operating results and prospects. These factors include, but are not limited to, those set forth in Part I, Item 1A “Risk Factors” and elsewhere in this Annual Report as well as other documents we file from time to time with the United States Securities and Exchange Commission (the SEC). Any one of these factors may cause our actual results to differ materially from recent results or from our anticipated future results. You should not rely too heavily on the forward-looking statements contained in this Annual Report on Form 10-K because these forward-looking statements are relevant only as of the date they were made.

Item 1. Business

Open Text Corporation was incorporated on June 26, 1991. References herein to the “Company”, “OpenText”, “we” or “us” refer to Open Text Corporation and, unless context requires otherwise, its subsidiaries. Our principal office is located at 275 Frank Tompa Drive, Waterloo, Ontario, Canada N2L 0A1, and our telephone number at that location is (519) 888-7111. Our internet address is www.opentext.com. Our website is included in this Annual Report on Form 10-K as an inactive textual reference only. Except for the documents specifically incorporated by reference into this Annual Report, information contained on our website is not incorporated by reference in this Annual Report on Form 10-K and should not be considered to be a part of this Annual Report. Throughout this Annual Report on Form 10-K: (i) the term “Fiscal 2015” means our fiscal year beginning on July 1, 2014 and ending June 30, 2015; (ii) the term “Fiscal 2014” means our fiscal year beginning on July 1, 2013 and ending June 30, 2014; and (iii) the term “Fiscal 2013” means our fiscal year beginning on July 1, 2012 and ending June 30, 2013. Our Consolidated Financial Statements are presented in U.S. dollars and, unless otherwise indicated, all amounts included in this Annual Report on Form 10-K are expressed in U.S. dollars.

Business Overview and Strategy

We are an independent company providing a comprehensive suite of software products and services that assist organizations in finding, utilizing, and sharing business information from any device in ways which are intuitive, efficient and productive. Our technologies and business solutions address one of the biggest problems encountered by enterprises today: the explosive growth of information volume and formats. Our software and services allow organizations to manage the information that flows into, out of, and throughout the enterprise as part of daily operations. Our solutions help to increase customer satisfaction, improve collaboration with partners, address the legal and business requirements associated with information governance, and aim to ensure that information remains secure and private, as demanded in today's highly regulated climate.

Enterprise Information Management

There are two main information management pillars: Enterprise Resource Planning (ERP), which typically contains structured data, and Enterprise Information Management (EIM), which typically contains unstructured data. EIM is the moniker given to the discipline of handling all unstructured data within and between an enterprise and other organizations. Unstructured data typically represents a significant amount of an organization's data. However, until recently the practice of managing unstructured data has garnered less focus than managing structured data, such as

with an ERP system. It is estimated that the rate at which information is generated and captured is doubling faster than it ever has in the past. Without the ability to capture, preserve, and make this information usable, we believe businesses will place themselves in an untenable situation for the future.

Unstructured data encompasses everything from email and business processes to the handling of office and PDF documents, and even communicative, transient data like fax transfers, collaborative communications, and large managed files.

This type of data composes the preponderance of information amassed and managed by today's enterprise systems. It holds huge volumes of unlocked value for organizations poised to capitalize on their enterprise information strategy. We envisage a future where this information is easily and seamlessly discovered, captured, managed, governed, secured, leveraged, and transformed into great value using information based applications. We call this discipline EIM. EIM data is by its nature unstructured and follows the required EIM functional technologies of Enterprise Content Management (ECM), Business Process Management (BPM), Customer Experience Management (CEM), Information Exchange (iX), Discovery and Analytics. EIM can be deployed on its own to capture, manage, and store enterprise information and integrates with ERP and additional information management systems to provide a "single version of the truth" for the enterprise.

Strategy

Over the last ten years, we have primarily been a market-leading consolidator of "on premises" EIM. As we and our customers transition to the cloud, our strategic focus is to be a market leading consolidator for cloud-based EIM solutions. We began executing on our cloud consolidation strategy with the acquisitions of EasyLink Services International Corporation, GXS Group Inc, and Actuate Corporation. This strategy is supported by robust institutional experience with consolidation and integration of assets, as well as strong "recurring revenues", which we define as the sum of our "Cloud services and subscriptions revenue", "Customer support revenue" and "Professional Services revenue". In May 2015 we announced a simplification of our business structure around Enterprise, Information Exchange and Analytics, as well as a new Global Technical Services organization to support our cloud consolidation strategy. This structure will allow us to scale as we continue to acquire complementary business over time, and provide additional focus on winning the customer and the lifetime value of the customer relationship.

We look to grow our cloud-based EIM strategy through acquisitions, innovation and with new ways for customers to purchase our solutions, such as our recently announced subscription pricing and managed service offerings. While we continue to offer on-premises solutions, we realize the EIM market is broad and we are agnostic to whether a customer prefers an on-premises solution, cloud solution, or combination of both (hybrid). We believe giving the customer choice and flexibility with their payment option will help us to strive to obtain long-term customer value. We measure long-term value by looking at our recurring revenue, earnings and operating cash flow. In Fiscal 2015 recurring revenue was \$1,557.7 million, up 18.1% compared to Fiscal 2014, and represented 84% of our total revenues. Our Cloud services and subscriptions revenues are also growing, up 62% in Fiscal 2015 compared to Fiscal 2014. We believe this shows customers are indeed looking for more choice and flexibility on how they consume technology. We are committed to delivering our products and services to customers via a hybrid delivery model.

We see an opportunity to help our customers become "digital businesses" and with our recent acquisition of Actuate Corporation (Actuate) in Fiscal 2015, we have acquired a strong platform to integrate personalized analytics and insights onto our OpenText EIM suites of products, which we believe will further our vision to enable a "digital first world" and strengthen our position among leaders in EIM.

In Fiscal 2016 we will continue to implement strategies that will:

Broaden Reach into EIM, B2B Integration, and Analytics. As technologies and customers become more sophisticated, we intend to be a leader in expanding the definition of traditional market sectors. We have been a leader in investing in adjacent markets through acquisitions which have provided us with the technology to accelerate our time to market and increase our scale. We have also invested in technologies to address the growing influence of analytics and social, mobile, and cloud platforms on corporate information.

Deepen Customer Penetration. We intend to leverage our comprehensive solution set to deepen our existing customer relationships. We have significant expertise in a number of industry sectors and aim to increase our customer penetration based on our strong credentials. We are particularly focused on circumstances where the customer is looking to consolidate multiple vendors with solutions from a single source while addressing a broader spectrum of business problems.

Invest in Technology Leadership. We believe we are well-positioned to develop additional innovative solutions to address the evolving market. We plan to continue investing in technology innovation by funding internal development as well as collaborating with third-parties.

Deepen Strategic Partnerships. Our partnerships with companies such as Microsoft, SAP and Oracle serve as an example of how we are working together with our partners to create next-generation EIM solutions. We will continue

to look for ways to create more customer value from our strategic partnerships.

Broaden Global Presence. As customers become increasingly multi-national and as international markets continue to adopt EIM, we plan to further grow our brand and presence in these new markets. We are focused on using our direct sales for targeting existing customers and plan to address new geographies jointly with our partners.

Selectively Pursue Acquisitions. In light of the continually evolving marketplace in which we operate, we regularly evaluate acquisition opportunities within the EIM market. We plan to continue to pursue acquisitions that complement our existing business, represent a strong strategic fit and are consistent with our overall growth strategy and disciplined financial management. We may also target future acquisitions to expand or add functionality and capabilities to our existing portfolio of solutions, as well as add new solutions to our portfolio.

Products and Services Overview

Our products and services are designed to provide the benefits of maximizing the value of enterprise information while largely minimizing its risks. Our solutions incorporate social and mobile technologies and are delivered for on-premises deployment as well as through cloud and managed hosted services models to provide the flexibility and cost efficiencies demanded by the market. In addition, we provide solutions that facilitate the exchange of information and transactions that occur between supply chain participants, such as manufacturers, retailers, distributors and financial institutions, and are central to a company's ability to effectively collaborate with its partners.

At its core, EIM is about helping organizations get the most out of information. Our EIM offerings include Enterprise Content Management, Business Process Management, Customer Experience Management, Information Exchange, Discovery and Analytics, and are designed to deliver to our customers:

- (i) Increased compliance and information governance resulting in reduced exposure to risk of regulatory sanctions related to how information is handled and protected;
- (ii) Lower cost of storage and management of information through improved classification and archiving strategies;
- (iii) Reduced infrastructure costs due to, among other factors, legacy decommissioning capabilities of EIM and cloud and hosted services deployment models;
- (iv) Improved innovation, productivity and time-to-market as a result of letting employees, trading partners and customers work with information and collaborate in ways which are intuitive, automated, and flexible; and
- (v) Increased revenue streams with the enablement of easy expansion across new channels and, ultimately, new markets.

Our portfolio is comprised of capabilities in the following areas:

Enterprise Content Management

We facilitate ECM with an integrated set of technologies that manage information throughout its lifecycle and improve business productivity, all while mitigating the risk and controlling the costs of growing volumes of content. Our ECM solutions, which are available on-premises and increasingly in the cloud, include:

Content Management provides a repository for business documents (such as those created with Microsoft Office, AutoCAD and Adobe Acrobat/PDF) and allows for the organizing, displaying, classifying, access control, version control, event auditing, rendition, and search of documents and other content types.

Records Management enables control of the complete lifecycle of content management by associating retention and disposition rules to control if and when content can or must be deleted or archived on storage media.

Archiving helps reduce storage expenses through optimization of storage use. It manages content storage policies according to business context, optimizes storage use, and provides high-end storage services to reduce future storage demands.

Email Management Solutions enable the archiving, control and monitoring of email, regardless of platform, to reduce the size of the email database, improve email server performance, control the lifecycle of email content, and monitor email content to improve compliance.

Capture solutions help bridge the gap between structured and unstructured data by providing the ability to capture and image paper content while applying metadata and applicable policies and schedules. By transforming the information contained in these documents, it can then be used effectively to automate or streamline business processes while being governed consistently alongside digital content.

Core is a software as a service (SaaS)-based, multi-tenant cloud solution that provides efficient ways to share documents and collaborate for teams of any size, from small groups to large enterprises. Core is available through an online self-service purchase with subscription-based pricing.

Business Process Management

BPM provides the software capabilities for analyzing, automating, monitoring and optimizing structured business processes that typically fall outside the scope of existing enterprise systems. BPM solutions help empower employees, customers and partners. Our BPM solutions include:

Process suite platform puts the business in direct control of its processes and fosters alignment between business and IT, resulting in tangible benefits for both. OpenText Process Suite Platform offers one platform that can be accessed simply through a web browser and is built from the ground up to be truly multi-tenant and to support all of the deployment models required for on-premise, private or public clouds.

Capture and recognition systems convert documents from analog sources, such as paper or facsimile (fax), to electronic documents and apply value-added functions, such as optical / intelligent character recognition (OCR/ICR) and barcode scanning, and then releases these documents into repositories where they can be stored, managed, and searched.

Process suite solutions are packaged applications built on the Process Suite and address specific business problems. This includes Contract Management, Cloud Brokerage Services, Digital Media Supply Chain, and Enterprise App Store, to name a few.

Customer Experience Management

CEM generates improved time-to-market by giving customers, employees, and channel partners personalized and engaging experiences. Our CEM solutions include:

Web Content Management provides software for authoring, maintaining, and administering websites designed to offer a “visitor experience” that integrates content from internal and external sources.

Digital Asset Management provides a set of content management services for browsing, searching, viewing, assembling, and delivering rich media content such as images, audio and video.

Customer Communications Management software makes it possible for organizations to process and deliver highly personalized documents in paper or electronic format rather than a “one message fits all” approach.

Social Software helps companies “socialize” their web presence by adding blogs, wikis, ratings and reviews, and build communities for public websites and employee intranets.

Portal enables organizations to aggregate, integrate and personalize corporate information and applications and provide a central, contextualized, and personalized view of information for executives, departments, partners, and

customers.

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Information Exchange

iX is a set of offerings that facilitate efficient, secure, and compliant exchange of information inside and outside the enterprise. iX solutions include:

• Business-to-Business (B2B) Integration services help optimize the reliability, reach, and cost efficiency of an enterprise's electronic supply chain while reducing costs, infrastructure and overhead.

• Fax Solutions automate business fax and electronic document distribution to improve the business impact of company information, increase employee productivity and decrease paper-based operational costs.

• Secure Messaging helps to share and synchronize files across an organization, across teams and with business partners, while leveraging the latest smartphones and tablets to provide information on the go without sacrificing information governance or security.

Discovery

Discovery solutions organize and visualize all relevant content and make it possible for business users to quickly locate information and make better informed decisions based on timely, contextualized information. Discovery solutions include:

• Search addresses information security and productivity requirements by securely indexing all information for fast retrieval and real-time monitoring.

• Semantic Navigation improves the end-user experience of websites by enabling intuitive visual exploration of site content through contextual navigation.

• Auto-Classification improves the quality of information governance through intelligent metadata extraction and accurate classification of information.

• InfoFusion makes it possible for organizations to deal with the issue of so-called "information silos" resulting from, for instance, numerous disconnected information sources across the enterprise. Using a framework of adapters, an information access platform allows organizations to consolidate, decommission, archive and migrate content from virtually any system or information repository.

Analytics and Reporting

OpenText provides powerful analytics and reporting products that enable customers to gain greater insight from their enterprise information. The solutions include:

• Embedded Analytics and Reporting which is a technology for software application developers that can be embedded into their applications to add functionality such as business intelligence and reporting.

• Advanced Analytics is designed to make predictions based on algorithmic analysis of enterprise data. This technology is particularly effective for "Big Data" and the resulting insights help enable customers to make better business decisions.

OpenText Revenues

Our business consists of four revenue streams: license, cloud services and subscriptions, customer support, and professional service and other. For information regarding our revenues and assets by geography for Fiscal 2015, Fiscal 2014 and Fiscal 2013, see note 19 "Segment Information" in the Notes to Consolidated Financial Statements included in Item 8 to this Annual Report on Form 10-K.

License

License revenues consist of fees earned from the licensing of software products to our customers. Our license revenues are impacted by the strength of general economic and industry conditions, the competitive strength of our software products, and our acquisitions. The decision by a customer to license our software products often involves a comprehensive implementation process across the customer's network or networks and the licensing and implementation of our software products may entail a significant commitment of resources by prospective customers. As revenue from cloud services and subscriptions has increased in recent years, license revenues have decreased as a proportion of our total revenues.

Cloud services and subscriptions

Cloud services and subscription revenues consist of (i) software as a service offerings (ii) managed service arrangements and (iii) subscription revenues relating to on premise offerings. These offerings allow customers to transmit a variety of content between various mediums and to securely manage enterprise information without the commitment of investing in related hardware infrastructure. Revenues are generated on several transactional

usage-based models, are typically billed monthly in arrears, and can therefore fluctuate from period to period.

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In addition, we offer B2B integration solutions, such as messaging services, and managed services. Messaging services allow for the automated and reliable exchange of electronic transaction information, such as purchase orders, invoices, shipment notices and other business documents, among businesses worldwide. Managed services provide an end-to-end fully outsourced B2B integration solution to our customers, including program implementation, operational management, and customer support. These services enable customers to effectively manage the flow of electronic transaction information with their trading partners and reduce the complexity of disparate standards and communication protocols.

Customer Support

The first year of our customer support offering is usually purchased by customers together with the license of our EIM software products. Customer support is typically renewed on an annual basis and historically customer support revenues have been a significant portion of our total revenue. Through our OpenText customer support programs, customers receive access to software upgrades, a knowledge base, discussions, product information, and an online mechanism to post and review "trouble tickets". Additionally, our customer support teams handle questions on the use, configuration, and functionality of OpenText products and can help identify software issues, develop solutions, and document enhancement requests for consideration in future product releases.

Professional Service and Other

We provide consulting and learning services to customers and generally these services relate to the implementation, training and integration of our licensed product offerings into the customer's systems.

Our consulting services help customers build solutions that enable them to leverage their investments in our technology and in existing enterprise systems. The implementation of these services can range from simple modifications to meet specific departmental needs to enterprise applications that integrate with multiple existing systems.

Our learning services consultants analyze our customers' education and training needs, focusing on key learning outcomes and timelines, with a view to creating an appropriate education plan for the employees of our customers who work with our products. Education plans are designed to be flexible and can be applied to any phase of implementation: pilot, roll-out, upgrade or refresher. OpenText learning services employ a blended approach by combining mentoring, instructor-led courses, webinars, eLearning and focused workshops.

Marketing and Sales

Customers

Our customer base consists of a number of Global 10,000 organizations, some mid-market companies and government agencies. Historically, including Fiscal 2015, no single customer has accounted for 10% or more of our total revenues.

Global Distribution Channels

We operate on a global basis and in Fiscal 2015 we generated approximately 56% of our revenues from our "Americas" region, which consists of countries in North, Central, and South America, approximately 34% from our "EMEA" region, which primarily consists of countries in Europe, Africa, and the United Arab Emirates, and approximately 10% from our "Asia Pacific" region, which primarily consists of Japan, Australia, Hong Kong, Korea, Philippines, Singapore, and New Zealand. We make direct sales of products and services through our global network of subsidiaries. Generally, each of our subsidiaries license our software and then makes license sales and provides services to customers in its local country as well as in foreign countries where we do not have a local subsidiary.

Partners and Alliances

We also market our products and services worldwide through indirect channels. We partner with prominent organizations in the enterprise software and hardware industries in an effort to enhance the value of our solutions and the investments our customers have made in their existing systems. We strive to create mutually beneficial relationships with systems integrators, consultants, and software and hardware developers that augment and extend our products and services. Through these relationships, we and our partners are better able to fulfill key market objectives, drive new business, establish a competitive advantage, and create demonstrable business value.

Our strategic partners are:

OpenText and SAP AG (SAP)

OpenText and SAP have shared many years of partnership and close collaboration. Our solutions help customers improve the way they manage content from SAP systems in order to assist them to improve efficiency in key processes, manage compliance and reduce costs. Our targeted solutions let customers create, access, manage and securely archive content for SAP systems, including data, multimedia content, and documents. In addition, our solutions for SAP allow customers to address stringent requirements for risk reduction, operational efficiency and information technology consolidation. OpenText products are typically used by SAP customers as part of their key business processes.

OpenText and Microsoft Corporation (Microsoft)

Our strategic alliance with Microsoft offers integration between our EIM solutions and Microsoft's desktop and server products, such as Microsoft SharePoint and Exchange, as well as Office 365 and SharePoint online. Microsoft and OpenText have partnered to drive the creation of comprehensive business and industry-specific EIM solutions leveraging customers' significant investments in the Microsoft platform and productivity applications. We provide support for Microsoft platforms such as Windows and SQL Server and integration with many Microsoft products such as Exchange, Rights Management and Windows Azure. The integration of our solutions with Microsoft Office and SharePoint allows an OpenText customer to work with information from Enterprise Resource Planning, Customer Relationship Management, EIM and other enterprise applications from within the Microsoft SharePoint or Microsoft Office interface.

OpenText and Oracle Corporation (Oracle)

For more than ten years, OpenText has developed innovative solutions for Oracle applications that enhance the experience and productivity of users working with these tools. OpenText is committed to continued development that extends and enhances the Oracle application and technology portfolio. Our partnership extends our enterprise solutions framework with integration between OpenText and Oracle eBusiness Suite, analogous to our integration with SAP.

Our global systems integrators are:

Accenture plc (Accenture)

Accenture, a global management consulting, technology services and outsourcing company, is one of our systems integrator partners. Together we provide strategic EIM solutions. Accenture's extensive experience with enterprise-rollout planning and design, combined with our EIM technology, provides solutions designed to address an organization's EIM requirements.

Deloitte Consulting LLP (Deloitte)

Deloitte is also one of our systems integrator partners. Together, we help organizations build value through improved ECM performance. Deloitte's services provide value across human capital, strategy and operations, and technology within multiple industries.

Other System Integrators

Other OpenText systems integrator partners include Cap Gemini Inc., CGI Group Inc. (through its acquisition of Logica plc), ATOS SE, and Raytheon Company.

International Markets

We provide our product offerings worldwide. Our geographic coverage allows us to draw on business and technical expertise from a geographically diverse workforce, providing greater stability to our operations and revenue streams by diversifying our portfolio to better mitigate against the risks of a single geographically focused business.

There are inherent risks to conducting operations internationally. For more information about these risks, see "Risk Factors" included in Item 1A of this Annual Report on Form 10-K.

Competition

The market for our products and services is highly competitive, subject to rapid technological change and shifting customer needs and economic pressures. We compete with multiple companies, some that have single or narrow solutions and some that have a range of information management solutions, like ourselves. Our competitors include International Business Machines Corporation (IBM), EMC Corporation (EMC), Hewlett-Packard Company (HP) and Adobe Inc. In certain markets, OpenText competes with Oracle and Microsoft, who are also our partners. In addition

there are numerous, other niche software

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vendors in the Information Management sector, such as j2 Inc. and Pegasystems Inc., that compete with OpenText in certain segments of the EIM market. We also face competition from systems integrators that configure hardware and software into customized systems. Additionally, new competitors or alliances among existing competitors may emerge and could rapidly acquire additional market share. We also expect that competition will increase as a result of ongoing software industry consolidation.

We believe that the principal competitive factors affecting the market for our software products and services include: (i) vendor and product reputation; (ii) product quality, performance and price; (iii) the availability of software products on multiple platforms; (iv) product scalability; (v) product integration with other enterprise applications; (vi) software functionality and features; (vii) software ease of use; (viii) the quality of professional services, customer support services and training; and (ix) the ability to address specific customer business problems. We believe the relative importance of each of these factors depends upon the concerns and needs of each specific customer.

Research and Development

The industry in which we compete is subject to rapid technological developments, evolving industry standards, changes in customer requirements and competitive new products and features. As a result, our success, in part, depends on our ability to continue to enhance our existing products in a timely and efficient manner and to develop and introduce new products that meet customer needs while reducing total cost of ownership. To achieve these objectives, we have made and expect to continue to make investments in research and development, through internal and third-party development activities, third-party licensing agreements and potentially through technology acquisitions. Our research and development expenses were \$196.5 million for Fiscal 2015, \$176.8 million for Fiscal 2014, and \$164.0 million for Fiscal 2013. We believe our spending on research and development is an appropriate balance between managing our organic growth and results of operation. We expect to continue to invest in research and development to maintain and improve our products and services offerings.

Acquisitions During the Last Five Fiscal Years

Our competitive position in the marketplace requires us to maintain a complex and evolving array of technologies, products, services and capabilities. In light of the continually evolving marketplace in which we operate, we regularly evaluate various acquisition opportunities within the marketplace and elsewhere in the high technology industry.

Below is a summary of the more material acquisitions we have made over the last five fiscal years.

In Fiscal 2015, we completed the following acquisitions:

On January 16, 2015, we acquired Actuate Corporation (Actuate), based in San Francisco, California, United States, for \$332.0 million, comprised of approximately \$322.4 million in cash and shares we purchased of Actuate in the open market with a fair value of approximately \$9.5 million as of the date of acquisition. Actuate was a leader in personalized analytics and insights.

On January 2, 2015, we acquired Informative Graphics Corporation (IGC), based in Scottsdale, Arizona, United States, for approximately \$40 million. IGC was a leading developer of viewing, annotation, redaction and publishing commercial software.

Prior to Fiscal 2015, we completed the following acquisitions:

On January 16, 2014, we acquired GXS, a Delaware corporation and leader in cloud-based B2B integration services for \$1.2 billion, inclusive of the issuance of 2,595,042 OpenText Common Shares.

On August 15, 2013, we acquired Cordys Holding B.V. (Cordys), a leading provider of BPM and case management solutions, offered on one platform with cloud, mobile, and social capabilities, based in Putten, the Netherlands for \$33.2 million.

On May 23, 2013, we acquired ICCM Professional Services Limited (ICCM), a company based in Malmesbury, United Kingdom, for \$18.9 million. ICCM is a provider of IT service management software solutions.

On March 5, 2013, we acquired Resonate KT Limited (RKT), a company based in Cardiff, United Kingdom, for \$20.0 million. RKT was a leading provider of software that enables organizations to visualize unstructured data, create new user experiences for ECM and xECM for SAP, as well as build industry-based applications that maximize unstructured data residing within Content Server, a key component of the OpenText ECM suite.

On July 2, 2012, we acquired EasyLink Services International Corporation (EasyLink), a company based in Georgia, United States and a global provider of cloud-based electronic messaging and business integration services for \$342.3 million.

On July 13, 2011, we acquired Global 360 Holding Corp. (Global 360), a software company based in Dallas, Texas, United States, for \$256.6 million. Global 360 offers case management and document-centric BPM solutions. The acquisition continued our expansion into the BPM market and added to our technology, talent, services, partner and geographical strengths.

On March 15, 2011, we acquired weComm Limited (weComm), based in London, United Kingdom, for \$20.5 million. weComm's software platform offers deployment of media rich applications for mobile devices, including smart phones and tablets.

On February 18, 2011, we acquired Metastorm Inc. (Metastorm) for \$182.0 million. Based in Baltimore, Maryland, United States, Metastorm provides BPM, Business Process Analysis (BPA), and Enterprise Architecture (EA) software that helps enterprises align their strategies with execution.

On October 27, 2010, we acquired StreamServe Inc. (StreamServe), a software company based in Burlington, Massachusetts, United States, for \$70.5 million. StreamServe offers enterprise business communication solutions that help organizations process and deliver highly personalized documents in paper or electronic format.

We believe our acquisitions support our long-term strategic direction, strengthen our competitive position, expand our customer base and provide greater scale to accelerate innovation, grow our earnings and increase shareholder value.

We expect to continue to strategically acquire companies, products, services and technologies to augment our existing business.

Intellectual Property Rights

Our success and ability to compete depends on our ability to develop and maintain our intellectual property and proprietary technology and to operate without infringing on the proprietary rights of others. Our software products are generally licensed to our customers on a non-exclusive basis for internal use in a customer's organization. We also grant rights in our intellectual property to third parties that allow them to market certain of our products on a non-exclusive or limited-scope exclusive basis for a particular application of the product(s) or to a particular geographic area.

We rely on a combination of copyright, patent, trademark and trade secret laws, non-disclosure agreements and other contractual provisions to establish and maintain our proprietary rights. We have obtained or applied for trademark registration for most strategic product names in most major markets. We have a number of U.S. and foreign patents and pending applications, including patents and rights to patent applications acquired through strategic transactions, which relate to various aspects of our products and technology. The duration of our patents is determined by the laws of the country of issuance and for the U.S. is typically 17 years from the date of issuance of the patent or 20 years from the date of filing of the patent application resulting in the patent. While we believe our intellectual property is valuable and our ability to maintain and protect our intellectual property rights is important to our success, we also believe that our business as a whole is not materially dependent on any particular patent, trademark, license, or other intellectual property right.

For more information on the risks related to our intellectual property rights, see "Risk Factors" included in Item 1A of this Annual Report on Form 10-K.

Employees

As of June 30, 2015, we employed a total of approximately 8,500 individuals. The approximate composition of our employee base is as follows: (i) 1,500 employees in sales and marketing, (ii) 2,100 employees in product development, (iii) 2,100 employees in cloud services, (iv) 1,000 employees in professional services, (v) 700 employees in customer support, and (vi) 1,100 employees in general and administrative roles. We believe that relations with our employees are strong. None of our employees are represented by a labour union, nor do we have collective bargaining arrangements with any of our employees. However, in certain international jurisdictions in which we operate, a "Workers' Council" represents our employees.

Available Information

Access to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed with or furnished to the SEC may be obtained free of charge through the Investors section of our website at www.opentext.com as soon as is reasonably practical after we electronically file or furnish these reports. Our website is included in this Annual Report on Form 10-K as an inactive textual reference only. Except for the documents specifically incorporated by reference into this Annual Report, information contained on our website is not incorporated by reference in this Annual Report and should not be considered to be a part of this Annual Report. In addition, our filings with the SEC may be accessed through the SEC's website at www.sec.gov. All statements made in any of our securities filings, including all forward-looking statements or information, are made as of the date of the document in which the statement is included, and we do not assume or undertake any obligation to

update any of those statements or documents unless we are required to do so by law.

Item 1A. Risk Factors

The following important factors could cause our actual business and financial results to differ materially from our current expectations, estimates, forecasts and projections. These forward-looking statements contained in this Annual Report on Form

10-K or made elsewhere by management from time to time are subject to important risks, uncertainties and assumptions which are difficult to predict. The risks and uncertainties described below are not the only risks and uncertainties facing us. Additional risks not currently known to us or that we currently believe are immaterial may also impair our operating results, financial condition and liquidity. Our business is also subject to general risks and uncertainties that affect many other companies. These risks discussed below are not presented in order of importance or probability of occurrence.

The length of our sales cycle can fluctuate significantly which could result in significant fluctuations in license revenues being recognized from quarter to quarter

The decision by a customer to license our software products or purchase our services often involves a comprehensive implementation process across the customer's network or networks. As a result, the licensing and implementation of our software products and any related services may entail a significant commitment of resources by prospective customers, accompanied by the attendant risks and delays frequently associated with significant technology implementation projects. Given the significant investment and commitment of resources required by an organization to implement our software products, our sales cycle may be longer compared to other companies within our own industry, as well as companies in other industries. Also because of changes in customer spending habits, it may be difficult for us to budget, forecast and allocate our resources properly. In weak economic environments, it is not uncommon to see reduced information technology spending. It may take several months, or even several quarters, for marketing opportunities to materialize. If a customer's decision to license our software is delayed or if the implementation of these software products takes longer than originally anticipated, the date on which we may recognize revenues from these licenses would be delayed. Such delays and fluctuations could cause our revenues to be lower than expected in a particular period and we may not be able to adjust our costs quickly enough to offset such lower revenues, potentially negatively impacting our business, operating results and financial condition.

Our success depends on our relationships with strategic partners, distributors, and third party service providers and any reduction in the sales efforts by distributors, or cooperative efforts from our partners, or service from third party providers could materially impact our revenues

We rely on close cooperation with strategic partners for sales and software product development as well as for the optimization of opportunities that arise in our competitive environment. A portion of our license revenues is derived from the licensing of our software products through third parties. Also, a portion of our service revenues may be impacted by the level of service provided by third party service providers relating to internet, telecommunications and power services. Our success will depend, in part, upon our ability to maintain access to existing channels of distribution and to gain access to new channels if and when they develop. We may not be able to retain a sufficient number of our existing distributors or develop a sufficient number of future distributors. Distributors may also give higher priority to the licensing of software products other than ours (which could include competitors' products) or may not devote sufficient resources to marketing our software products. The performance of third party distributors and third party service providers is largely outside of our control, and we are unable to predict the extent to which these distributors and service providers will be successful in either marketing and licensing our software products or providing adequate internet, telecommunication and power services so that disruptions and outages are not experienced by our customers. A reduction in strategic partner cooperation or sales efforts, a decline in the number of distributors, a decision by our distributors to discontinue the licensing of our software products or a decline or disruption in third party services could cause users and the general public to perceive our software products and services as inferior and could materially reduce revenues.

If we do not continue to develop technologically advanced products that successfully integrate with the software products and enhancements used by our customers, future revenues and our operating results may be negatively affected

Our success depends upon our ability to design, develop, test, market, license and support new software products, services, and enhancements of current products and services on a timely basis in response to both competitive threats and marketplace demands. Examples of significant trends in the software industry include cloud computing, mobility, social media and software as a service (SaaS). In addition, our software products, services, and enhancements must remain compatible with standard platforms and file formats. Often, we must integrate software licensed or acquired from third parties with our proprietary software to create or improve our products. If we are unable to achieve a

successful integration with third party software, we may not be successful in developing and marketing our new software products, services, and enhancements. If we are unable to successfully integrate third party software to develop new software products, services, and enhancements to existing software products and services, or to complete the development of new software products and services which we license or acquire from third parties, our operating results will materially suffer. In addition, if the integrated or new products or enhancements do not achieve acceptance by the marketplace, our operating results will materially suffer. Moreover, if new industry standards emerge that we do not anticipate or adapt to, or with rapid technological change occurring, if alternatives to our services and solutions are developed by our competitors, our software products and services could be rendered obsolete,

causing us to lose market share and, as a result, harm our business and operating results, and our ability to compete in the marketplace.

If our software products and services do not gain market acceptance, our operating results may be negatively affected. We intend to pursue our strategy of being a market leading consolidator for cloud-based EIM solutions, and growing the capabilities of our EIM software offerings through our proprietary research and the development of new software product and service offerings, as well as through acquisitions. In response to customer demand, it is important to our success that we continue to enhance our software products and services and to seek to set the standard for EIM capabilities. The primary market for our software products and services is rapidly evolving which means that the level of acceptance of products and services that have been released recently or that are planned for future release by the marketplace is not certain. If the markets for our software products and services fail to develop, develop more slowly than expected or become subject to increased competition, our business may suffer. As a result, we may be unable to: (i) successfully market our current products and services, (ii) develop new software products and services and enhancements to current software products and services, (iii) complete customer implementations on a timely basis, or (iv) complete software products and services currently under development. In addition, increased competition could put significant pricing pressures on our products which could negatively impact our margins and profitability. If our software products and services are not accepted by our customers or by other businesses in the marketplace, our business, operating results and financial condition will be materially affected.

Our investment in our current research and development efforts may not provide a sufficient, timely return. The development of EIM software products is a costly, complex and time-consuming process, and the investment in EIM software product development often involves a long wait until a return is achieved on such an investment. We are making, and will continue to make, significant investments in software research and development and related product opportunities. Investments in new technology and processes are inherently speculative. Commercial success depends on many factors, including the degree of innovation of the software products and services developed through our research and development efforts, sufficient support from our strategic partners, and effective distribution and marketing. Accelerated software product introductions and short product life cycles require high levels of expenditures for research and development. These expenditures may adversely affect our operating results if they are not offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts in order to maintain our competitive position. However, significant revenues from new software product and service investments may not be achieved for a number of years, if at all. Moreover, new software products and services may not be profitable, and even if they are profitable, operating margins for new software products and services may not be as high as the margins we have experienced for our current or historical software products and services.

Product development is a long, expensive and uncertain process, and we may terminate one or more of our development programs

We may determine that certain software product candidates or programs do not have sufficient potential to warrant the continued allocation of resources. Accordingly, we may elect to terminate one or more of our programs for such product candidates. If we terminate a software product in development in which we have invested significant resources, our prospects may suffer, as we will have expended resources on a project that does not provide a return on our investment and we may have missed the opportunity to have allocated those resources to potentially more productive uses and this may negatively impact our business, operating results and financial condition.

Failure to protect our intellectual property could harm our ability to compete effectively

We are highly dependent on our ability to protect our proprietary technology. We rely on a combination of copyright, patent, trademark and trade secret laws, as well as non-disclosure agreements and other contractual provisions to establish and maintain our proprietary rights. We intend to protect our intellectual property rights vigorously; however, there can be no assurance that these measures will, in all cases, be successful. Enforcement of our intellectual property rights may be difficult, particularly in some countries outside of North America in which we seek to market our software products and services. While U.S. and Canadian copyright laws, international conventions and international treaties may provide meaningful protection against unauthorized duplication of software, the laws of some foreign jurisdictions may not protect proprietary rights to the same extent as the laws of Canada or the United States. The absence of internationally harmonized intellectual property laws makes it more difficult to ensure

consistent protection of our proprietary rights. Software piracy has been, and is expected to be, a persistent problem for the software industry, and piracy of our software products represents a loss of revenue to us. Where applicable, certain of our license arrangements have required us to make a limited confidential disclosure of portions of the source code for our software products, or to place such source code into escrow for the protection of another party. Despite the precautions we have taken, unauthorized third parties, including our competitors, may be able to copy certain portions of our

software products or reverse engineer or obtain and use information that we regard as proprietary. Also, our competitors could independently develop technologies that are perceived to be substantially equivalent or superior to our technologies. Our competitive position may be adversely affected by our possible inability to effectively protect our intellectual property. In addition, certain of our products contain open source software. Licensees of open source software may be required to make public certain source code or to make certain derivative works available to others. While we monitor and control the use of open source software in our products and in any third party software that is incorporated into our products, and we 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 service, there can be no guarantee that such use could not inadvertently occur. If this happened it could harm our intellectual property position and have a material adverse effect on our business, results of operations and financial condition.

Other companies may claim that we infringe their intellectual property, which could materially increase costs and materially harm our ability to generate future revenues and profits

Claims of infringement are becoming increasingly common as the software industry develops and as related legal protections, including patents, are applied to software products. Although we do not believe that our products infringe on the rights of third parties, third parties have and will continue to assert infringement claims against us in the future. Although most of our technology is proprietary in nature, we do include certain third party and open source software in our software products. In the case of third party software, we believe this software is licensed from the entity holding the intellectual property rights. Although we believe that we have secured proper licenses for all third-party intellectual property that is integrated into our products, third parties may continue to assert infringement claims against us in the future, including the sometimes aggressive and opportunistic actions of non-practicing entities whose business model is to obtain patent-licensing revenues from operating companies such as us. Any such assertion, regardless of merit, may result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available or they may not be available on commercially reasonable terms. In addition, as we continue to develop software products and expand our portfolio using new technology and innovation, our exposure to threats of infringement may increase. Any infringement claims and related litigation could be time-consuming, disruptive to our ability to generate revenues or enter into new market opportunities and may result in significantly increased costs as a result of our defense against those claims or our attempt to license the intellectual property rights or rework our products to avoid infringement of third party rights. Typically our agreements with our partners and customers contain provisions which require us to indemnify them for damages sustained by them as a result of any infringement claims involving our products. Any of the foregoing infringement claims and related litigation could have a significant adverse impact on our business and operating results as well as our ability to generate future revenues and profits.

The loss of licenses to use third-party software or the lack of support or enhancement of such software could adversely affect our business

We currently depend upon a limited number of third-party software products. If such software products were not available, we might experience delays or increased costs in the development of our software products. For a limited number of our product modules, we rely on software products that we license from third-parties, including software that is integrated with internally developed software and which is used in our products to perform key functions. These third-party software licenses may not continue to be available to us on commercially reasonable terms and the related software may not continue to be appropriately supported, maintained, or enhanced by the licensors. The loss by us of the license to use, or the inability by licensors to support, maintain, or enhance any of such software, could result in increased costs, lost revenues or delays until equivalent software is internally developed or licensed from another third party and integrated with our software. Such increased costs, lost revenues or delays could adversely affect our business.

Current and future competitors could have a significant impact on our ability to generate future revenues and profits. The markets for our software products and services are intensely competitive and are subject to rapid technological change and other pressures created by changes in our industry. The convergence of many technologies has resulted in unforeseen competitors arising from companies that were traditionally not viewed as threats to our marketplace. We expect competition to increase and intensify in the future as the pace of technological change and adaptation quickens and as additional companies enter our markets, including those competitors who offer similar solutions as we do, but

offer it through a different form of delivery. Numerous releases of competitive products have occurred in recent history and are expected to continue in the future. We may not be able to compete effectively with current competitors and potential entrants into our marketplace. We could lose market share if our current or prospective competitors: (i) introduce new competitive products or services, (ii) add new functionality to existing products and services, (iii) acquire competitive products and services, (iv) reduce prices, or (v) form strategic alliances with other companies. If other businesses were to engage in aggressive pricing policies with respect to competing products, or if the dynamics in our marketplace resulted in increasing bargaining power by the consumers of our software products and services, we would need to lower the prices we charge for the products and services we offer. This could result in lower revenues or reduced margins, either of which may materially and adversely affect our business

and operating results. Additionally, if prospective consumers choose other methods of EIM delivery, different from that which we offer, our business and operating results could also be materially and adversely affected.

Consolidation in the industry, particularly by large, well-capitalized companies, could place pressure on our operating margins which could, in turn, have a material adverse affect on our business

Acquisitions by large, well-capitalized technology companies have changed the marketplace for our software products and services by replacing competitors which are comparable in size to our Company with companies that have more resources at their disposal to compete with us in the marketplace. In addition, other large corporations with considerable financial resources either have products and/or services that compete with our software products and services or have the ability to encroach on our competitive position within our marketplace. These companies have considerable financial resources, channel influence, and broad geographic reach; thus, they can engage in competition with our software products and services on the basis of price, marketing, services or support. They also have the ability to introduce items that compete with our maturing software products and services. The threat posed by larger competitors and their ability to use their better economies of scale to sell competing products and services at a lower cost may materially reduce the profit margins we earn on the software products and services we provide to the marketplace. Any material reduction in our profit margin may have an adverse material effect on the operations or finances of our business, which could hinder our ability to raise capital in the public markets at opportune times for strategic acquisitions or general operational purposes, which may prevent effective strategic growth, improved economies of scale or put us at a disadvantage to our better capitalized competitors.

We must continue to manage our internal resources during periods of company growth or our operating results could be adversely affected

The EIM market in which we compete continues to evolve at a rapid pace. Moreover, we have grown significantly through acquisitions in the past and expect to continue to review acquisition opportunities as a means of increasing the size and scope of our business. Our growth, coupled with the rapid evolution of our markets, has placed, and will continue to place, significant strains on our administrative and operational resources and increased demands on our internal systems, procedures and controls. Our administrative infrastructure, systems, procedures and controls may not adequately support our operations. In addition, our management may not be able to achieve the rapid, effective execution of the product and business initiatives necessary to successfully implement our operational and competitive strategy. If we are unable to manage growth effectively, our operating results will likely suffer which may, in turn, adversely affect our business.

If we lose the services of our executive officers or other key employees or if we are not able to attract or retain top employees, our business could be significantly harmed.

Our performance is substantially dependent on the performance of our executive officers and key employees. We do not maintain "key person" life insurance policies on any of our employees. Our success is also highly dependent on our continuing ability to identify, hire, train, retain and motivate highly qualified management, technical, sales and marketing personnel. In particular, the recruitment of top research developers and experienced salespeople remains critical to our success. Competition for such people is intense, substantial and continuous, and we may not be able to attract, integrate or retain highly qualified technical, sales or managerial personnel in the future. In addition, in our effort to attract and retain critical personnel, we may experience increased compensation costs that are not offset by either improved productivity or higher prices for our software products or services.

Mr. Barrenechea, our President and Chief Executive Officer, recently returned to full involvement in our day-to-day operations following a diagnosis of leukemia. The loss of the services of Mr. Barrenechea or any of our other executive officers or other key employees, for health reasons or otherwise, could significantly harm our business.

Loss of key personnel could impair the integration of acquired businesses, lead to loss of customers and a decline in revenues, or otherwise could have an adverse effect on our operations.

Our success as a combined business with any prior or future acquired businesses will depend, in part, upon our ability to retain key employees, especially during the integration phase of the businesses. It is possible that the integration process could result in current and prospective employees of ours and the acquired business to experience uncertainty about their future roles with us, which could have an adverse effect on our ability to retain key managers and other employees. If, despite our retention and recruiting efforts, key employees depart or fail to continue employment with us, the loss of their services and their experience and knowledge regarding our business could have an adverse effect

on our future operating results and the successful ongoing operation of our businesses.
Our compensation structure may hinder our efforts to attract and retain vital employees

A portion of our total compensation program for our executive officers and key personnel includes the award of options to buy our Common Shares. If the market price of our Common Shares performs poorly, such performance may adversely affect our ability to retain or attract critical personnel. In addition, any changes made to our stock option policies, or to any other of our compensation practices, which are made necessary by governmental regulations or competitive pressures could adversely affect our ability to retain and motivate existing personnel and recruit new personnel. For example, any limit to total compensation which may be prescribed by the government or any significant increases in personal income tax levels levied in countries where we have a significant operational presence may hurt our ability to attract or retain our executive officers or other employees whose efforts are vital to our success. Additionally, payments under our long-term incentive plan (the details of which are described in Item 11 of this Annual Report on Form 10-K) are dependent to a significant extent upon the future performance of our Company both in absolute terms and in comparison to similarly situated companies. Any failure to achieve the targets set under our long-term incentive plan could significantly reduce or eliminate payments made under this plan, which may, in turn, materially and adversely affect our ability to retain the key personnel who are subject to this plan.

We may not generate sufficient cash flow to satisfy our unfunded pension obligations

Through our acquisitions, we have assumed certain unfunded pension plan liabilities. We will be required to use the operating cash flow that we generate in the future to meet these obligations. As a result, our future net pension liability and cost may be materially affected by the discount rate used to measure these pension obligations and by the longevity and actuarial profile of the relevant workforce. A change in the discount rate may result in a significant increase or decrease in the valuation of these pension obligations, and these changes may affect the net periodic pension cost in the year the change is made and in subsequent years. We cannot assure that we will generate sufficient cash flow to satisfy these obligations. Any inability to satisfy these pension obligations may have a material adverse effect on the operational and financial health of our business.

For more details see note 11 "Pension Plans and Other Post Retirement Benefits" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

Unexpected events may materially harm our ability to align when we incur expenses with when we recognize revenues

We incur operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses are relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, our business, financial condition, or results of operations could be materially and adversely affected.

We may fail to achieve our financial forecasts due to inaccurate sales forecasts or other factors

Our revenues and particularly our new software license revenues are difficult to forecast, and, as a result, our quarterly operating results can fluctuate substantially. We use a "pipeline" system, a common industry practice, to forecast sales and trends in our business. By reviewing the status of outstanding sales proposals to our customers and potential customers, we make an estimate as to when a customer will make a purchasing decision involving our software products. These estimates are aggregated periodically to make an estimate of our sales pipeline, which we use as a guide to plan our activities and make financial forecasts. Our sales pipeline is only an estimate and may be an unreliable predictor of actual sales activity, both in a particular quarter and over a longer period of time. Many factors may affect actual sales activity, such as weakened economic conditions, which may cause our customers and potential customers to delay, reduce or cancel IT related purchasing decisions and the tendency of some of our customers to wait until the end of a fiscal period in the hope of obtaining more favourable terms from us. If actual sales activity differs from our pipeline estimate, then we may have planned our activities and budgeted incorrectly and this may adversely affect our business, operating results and financial condition. In addition, for newly acquired companies, we have limited ability to immediately predict how their pipelines will convert into sales or revenues following the acquisition and their conversion rate post-acquisition may be quite different from their historical conversion rate.

Our revenue and operating cash flows could be adversely affected in the short term as we continue to see more customers transition to our cloud offerings

Should we continue to see more of our customers selecting our subscription pricing and managed service offerings, with payments made over time rather than a perpetual license with upfront fees, this could, in some cases, result in instances where reported revenue and cash flow could be lower in the short term when compared to our historical perpetual license model, as well as varying between periods depending on our customers' preference to license our products or subscribe to our subscription-based or managed service offerings. While we expect that over time the transition to a cloud and subscription model will help our business to generate revenue growth by attracting new users, keeping our user base current as subscriptions

allow users to receive the latest product updates and thereby increase recurring revenue per user, there is no guarantee that our short term revenue and operating cash will not be adversely affected during the transition period.

The restructuring of our operations may adversely affect our business or our finances and we may incur restructuring charges in connection with such actions

We often undertake initiatives to restructure or streamline our operations. We may incur costs associated with implementing a restructuring initiative beyond the amount contemplated when we first developed the initiative and these increased costs may be substantial. As well, such costs would adversely impact our results of operations for the periods in which those adjustments are made. We will continue to evaluate our operations, and may propose future restructuring actions as a result of changes in the marketplace, including the exit from less profitable operations or the decision to terminate products or services which are not valued by our customers. Any failure to successfully execute these initiatives on a timely basis may have a material adverse effect on our business, operating results and financial condition.

Fluctuations in foreign currency exchange rates could materially affect our financial results

Our Consolidated Financial Statements are presented in U.S. dollars. In general, the functional currency of our subsidiaries is the local currency. For each subsidiary, assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates in effect at the balance sheet dates and revenues and expenses are translated at the average exchange rates prevailing during the month of the transaction. Therefore, increases or decreases in the value of the U.S. dollar against other major currencies affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. In addition, unexpected and dramatic devaluations of currencies in developing, as well as developed, markets could negatively affect our revenues from, and the value of the assets located in, those markets. Transactional foreign currency gains (losses) included in the Consolidated Statements of Income under the line item "Other income (expense) net" for Fiscal 2015, Fiscal 2014 and Fiscal 2013 were \$(31.0) million, \$4.0 million, and \$(2.6) million, respectively. While we use derivative financial instruments to attempt to reduce our net exposure to currency exchange rate fluctuations, fluctuations in foreign currency exchange rates, particularly the strengthening of the U.S. dollar against major currencies or the currencies of large developing countries, could continue to materially affect our financial results.

Our international operations expose us to business risks that could cause our operating results to suffer

We intend to continue to make efforts to increase our international operations and anticipate that international sales will continue to account for a significant portion of our revenues. These international operations are subject to certain risks and costs, including the difficulty and expense of administering business and compliance abroad, differences in business practices, compliance with domestic and foreign laws (including without limitation domestic and international import and export laws and regulations), costs related to localizing products for foreign markets, and costs related to translating and distributing software products in a timely manner. International operations also tend to be subject to a longer sales and collection cycle. In addition, regulatory limitations regarding the repatriation of earnings may adversely affect the transfer of cash earned from foreign operations. Significant international sales may also expose us to greater risk from political and economic instability, unexpected changes in Canadian, United States or other governmental policies concerning import and export of goods and technology, regulatory requirements, tariffs and other trade barriers. Additionally, international earnings may be subject to taxation by more than one jurisdiction, which may materially adversely affect our effective tax rate. Also, international expansion may be difficult, time consuming, and costly. As a result, if revenues from international operations do not offset the expenses of establishing and maintaining foreign operations, our business, operating results and financial condition will suffer.

Our software products and services may contain defects that could harm our reputation, be costly to correct, delay revenues, and expose us to litigation

Our software products and services are highly complex and sophisticated and, from time to time, may contain design defects, software errors, hardware failures or other computer system failures that are difficult to detect and correct. Errors may be found in new software products or services or improvements to existing products or services after delivery to our customers. If these defects are discovered, we may not be able to successfully correct such errors in a timely manner. In addition, despite the extensive tests we conduct on all our software products or services, we may not be able to fully simulate the environment in which our products or services will operate and, as a result, we may be unable to adequately detect the design defects or software or hardware errors which may become apparent only

after the products are installed in an end-user's network, and users have transitioned to our services. The occurrence of errors and failures in our software products or services could result in the delay or the denial of market acceptance of our products and alleviating such errors and failures may require us to make significant expenditure of our resources. Customers often use our services and solutions for critical business processes and as a result, any defect or disruption in our solutions, any data breaches or misappropriation of proprietary information, or any error in execution, including human error or intentional third-party activity such as denial of service attacks or hacking, may cause

customers to reconsider renewing their contract with us. The errors in or failure of our software products and services could also result in us losing customer transaction documents and other customer files, causing significant customer dissatisfaction and possibly giving rise to claims for monetary damages. The harm to our reputation resulting from product and service errors and failures may be materially damaging. Since we regularly provide a warranty with our software products, the financial impact of fulfilling warranty obligations may be significant in the future. Our agreements with our strategic partners and end-users typically contain provisions designed to limit our exposure to claims. These agreements regularly contain terms such as the exclusion of all implied warranties and the limitation of the availability of consequential or incidental damages. However, such provisions may not effectively protect us against claims and the attendant liabilities and costs associated with such claims. Any claims for actual or alleged losses to our customers' businesses may require us to spend significant time and money in litigation or arbitration or to pay significant settlements or damages. Defending a lawsuit, regardless of merit, can be costly and would divert management's attention and resources. Although we maintain errors and omissions insurance coverage and comprehensive liability insurance coverage, such coverage may not be adequate to cover all such claims. Accordingly, any such claim could negatively affect our business, operating results or financial condition.

Our software products rely on the stability of infrastructure software that, if not stable, could negatively impact the effectiveness of our products, resulting in harm to our reputation and business

Our developments of Internet and intranet applications depend on the stability, functionality and scalability of the infrastructure software of the underlying intranet, such as the infrastructure software produced by Hewlett-Packard, Oracle, Microsoft and others. If weaknesses in such infrastructure software exist, we may not be able to correct or compensate for such weaknesses. If we are unable to address weaknesses resulting from problems in the infrastructure software such that our software products do not meet customer needs or expectations, our reputation, and consequently, our business may be significantly harmed.

Risks associated with the evolving use of the Internet, including changing standards, competition, regulation and associated compliance efforts, may adversely impact our business.

The use of the Internet as a vehicle for electronic data interchange (EDI), and related services currently raises numerous issues, including reliability, data security, data integrity and rapidly evolving standards. New competitors, which may include media, software vendors and telecommunications companies, offer products and services that utilize the Internet in competition with our products and services and may be less expensive or process transactions and data faster and more efficiently. Internet-based commerce is subject to increasing regulation by Canadian, U.S. federal and state and foreign governments, including in the areas of data privacy and breaches, and taxation. Laws and regulations relating 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 Internet-based solutions and restricting our ability to store, process, analyze and share data through the Internet. Although we believe that the Internet will continue to provide opportunities to expand the use of our products and services, we cannot ensure that our efforts to exploit these opportunities will be successful or that increased usage of the Internet for business integration products and services or increased competition, and regulation will not adversely affect our business, results of operations and financial condition.

Business disruptions, including those related to data security breaches, may adversely affect our operations

Our business and operations are highly automated and a disruption or failure of our systems may delay our ability to complete sales and to provide services. Business disruptions can be caused by several factors, including natural disasters, terrorist attacks, power loss, telecommunication and system failures, computer viruses, physical attacks and cyber-attacks. A major disaster or other catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems, including our cloud services, could severely affect our ability to conduct normal business operations. We operate data centres in various locations around the world and although we have redundancy capability built into our disaster recovery plan, we cannot ensure our systems and data centres will remain fully operational during and immediately after a disaster or disruption. We also rely on third parties that provide critical services in our operations and despite our diligence around their disaster recovery processes, we cannot provide assurances as to whether these third party service providers can maintain operations during a disaster or disruption. Any business disruption could negatively affect our business, operating results or financial condition.

In addition, if data security is compromised, this could materially and adversely affect our future operating results given that we have customers that use our systems to store and exchange large volumes of proprietary and confidential information and the security and reliability of our services are significant to these customers. If our systems, or the systems of third-party service providers on whom we rely, are attacked or accessed by unauthorized parties, it could lead to major disruption and loss of our and our customers' data which may involve us having to spend material resources on correcting the breach and

indemnifying the relevant parties which could have adverse effects on our reputation, future business, operating results and financial condition.

Unauthorized disclosures and breaches of security data may adversely affect our operations

Most of the jurisdictions in which we operate have laws and regulations relating to data privacy, security and protection of information. We have certain measures to protect our information systems against unauthorized access and disclosure of personal information and of our confidential information and confidential information belonging to our customers. We have policies and procedures in place dealing with data security and records retention. However, there is no assurance that the security measures we have put in place will be effective in every case. Breaches in security could result in a negative impact for us and for our customers, affecting our and our customers' businesses, assets, revenues, brands and reputations and resulting in penalties, fines, litigation and other potential liabilities, in each case depending on the nature of the information disclosed. Security breaches could also affect our relations with our customers, injure our reputation and harm our ability to keep existing customers and to attract new customers. These risks to our business may increase as we expand the number of web-based and cloud-based products and services we offer and as we increase the number of countries in which we operate.

Our revenues and operating results are likely to fluctuate, which could materially impact the market price of our Common Shares

We experience significant fluctuations in revenues and operating results caused by many factors, including:

- Changes in the demand for our software products and services and for the products and services of our competitors;
- The introduction or enhancement of software products and services by us and by our competitors;
- Market acceptance of our software products, enhancements and/or services;
- Delays in the introduction of software products, enhancements and/or services by us or by our competitors;
- Customer order deferrals in anticipation of upgrades and new software products;
- Changes in the lengths of sales cycles;
- Changes in our pricing policies or those of our competitors;
- Delays in software product implementation with customers;
- Change in the mix of distribution channels through which our software products are licensed;
- Change in the mix of software products and services sold;
- Change in the mix of international and North American revenues;
- Changes in foreign currency exchange rates and LIBOR and other applicable interest rates;
- Acquisitions and the integration of acquired businesses;
- Restructuring charges taken in connection with any completed acquisition or otherwise;
- Outcome and impact of tax audits and other contingencies;
- Changes in general economic and business conditions; and
- Changes in general political developments, such as international trade policies and policies taken to stimulate or to preserve national economies.

A general weakening of the global economy or a continued weakening of the economy in a particular region or economic or business uncertainty could result in the cancellation of or delay in customer purchases. A cancellation or deferral of even a small number of license sales or services or delays in the implementation of our software products could have a material adverse effect on our business, operating results and financial condition. As a result of the timing of software product and service introductions and the rapid evolution of our business as well as of the markets we serve, we cannot predict whether patterns or trends experienced in the past will continue. For these reasons, you should not rely upon period-to-period comparisons of our financial results to forecast future performance. Our revenues and operating results may vary significantly and this possible variance could materially reduce the market price of our Common Shares.

Changes in our stock price could lead to losses for shareholders

The market price of our Common Shares is subject to fluctuations. Such fluctuations in market price may continue in response to: (i) quarterly and annual variations in operating results; (ii) announcements of technological innovations or new products or services that are relevant to our industry; (iii) changes in financial estimates by securities analysts; or (iv) other events or factors. In addition, financial markets experience significant price and volume fluctuations that particularly affect the market prices of equity securities of many technology companies. These fluctuations have often

resulted from the failure of such companies to meet market expectations in a particular quarter, and thus such fluctuations may or may not be related to the underlying operating performance of such companies. Broad market fluctuations or any failure of our operating results in a particular quarter to meet market expectations may adversely affect the market price of our Common Shares. Occasionally, periods of volatility in the market price of a company's securities may lead to the institution of securities class action litigation against a company. If we are subject to such volatility in our stock price, we may be the target of such securities litigation in the

future. Such legal action could result in substantial costs to defend our interests and a diversion of management's attention and resources, each of which would have a material adverse effect on our business and operating results.

We may become involved in litigation that may materially adversely affect us

From time to time in the ordinary course of our business, we may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on our business, operating results or financial condition.

Our provision for income taxes and effective income tax rate may vary significantly and may adversely affect our results of operations and cash resources

Significant judgment is required in determining our provision for income taxes. Various internal and external factors may have favorable or unfavorable effects on our future provision for income taxes, income taxes receivable, and our effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, results of audits by tax authorities, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, the impact of transactions we complete, future levels of research and development spending, changes in the valuation of our deferred tax assets and liabilities, transfer pricing adjustments, changes in the overall mix of income among the different jurisdictions in which we operate, and changes in overall levels of income before taxes. Changes in the tax laws of various jurisdictions in which we do business could result from the base erosion and profit shifting (BEPS) project being undertaken by the Organization for Economic Co-operation and Development (OECD). The OECD, a coalition of member countries, is developing recommendations for international tax rules to address different types of BEPS, including situations in which profits are shifted (or payments are made) from higher tax jurisdictions to lower tax jurisdictions. If these contemplated recommendations (or other changes in law) were to be adopted by the countries in which we do business, this could adversely affect our provision for income taxes and our effective tax rate. Furthermore, new accounting pronouncements or new interpretations of existing accounting pronouncements (such as those that may be described in note 2 "Significant Accounting Policies" in our notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K), and/or any internal restructuring initiatives we may implement from time to time to streamline our operations, can have a material impact on our effective income tax rate.

Tax examinations are often complex as tax authorities may disagree with the treatment of items reported by us and our transfer pricing methodology based upon our limited risk distributor model, the result of which could have a material adverse effect on our financial condition and results of operations. Although we believe our estimates are reasonable, the ultimate outcome with respect to the taxes we owe may differ from the amounts recorded in our financial statements, and this difference may materially affect our financial results in the period or periods for which such determination is made.

For more details of tax audits to which we are subject see notes 13 "Guarantees and Contingencies" and 14 "Income Taxes" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

As part of a tax examination by the United States Internal Revenue Service ("IRS"), we have received a Notice of Proposed Adjustment ("NOPA") in draft form proposing a material increase to our taxes arising from the reorganization in Fiscal 2010. Based on our discussions with the IRS, we expect to receive an additional NOPA that will propose a material increase to our taxes arising in connection with our integration of Global 360 into the structure that resulted from our reorganization. An adverse outcome of these tax examinations could have a material adverse effect on our financial position and results of operations.

As we have previously disclosed, the IRS is examining certain of our tax returns for Fiscal 2010 through Fiscal 2012, and in connection with those examinations is reviewing our internal reorganization in Fiscal 2010 to consolidate certain intellectual property ownership in Luxembourg and Canada and our integration of certain acquisitions into the resulting structure. We also previously disclosed that the examinations may lead to proposed adjustments to our taxes that may be material, individually or in the aggregate, and that we have not recorded any material accruals for any such potential adjustments in our Consolidated Financial Statements.

As part of these examinations, on July 17, 2015 we received from the IRS a NOPA in draft form proposing a one-time approximately \$280 million increase to our U.S. federal taxes arising from the reorganization in Fiscal 2010 and proposing penalties equal to 20% of the additional taxes, plus interest at the applicable statutory rate (which will continue to accrue until the matter is resolved and may be substantial). A NOPA is an IRS position and does not impose an obligation to pay tax. The draft NOPA may be changed before the final NOPA is issued, including because the IRS reserved the right in the draft NOPA to increase the adjustment. Based on our discussions with the IRS, we expect we will receive an additional NOPA proposing an approximately \$80 million increase to our U.S. federal taxes for Fiscal 2012 arising from the integration of Global 360 into the

structure that resulted from the reorganization, accompanied by proposed penalties and interest (although there can be no assurance that this will be the amount reflected in the NOPA when received). Depending upon the outcome of these matters, additional state income taxes plus penalties and interest may be due.

We strongly disagree with the IRS' position and intend to vigorously contest the proposed adjustments to our taxable income. We are examining various alternatives available to taxpayers to contest the proposed adjustments. Any such alternatives could involve a lengthy process and result in the incurrence of significant expenses. As of the date of this Annual Report on Form 10-K, we have not recorded any material accruals in respect of these examinations in our Consolidated Financial Statements. An adverse outcome of these tax examinations could have a material adverse effect on our financial position and results of operations.

The declaration, payment and amount of dividends will be made at the discretion of our Board of Directors and will depend on a number of factors

We have adopted a policy to declare non-cumulative quarterly dividends on our Common Shares. The declaration, payment and amount of any dividends will be made pursuant to our dividend policy and is subject to final determination each quarter by our Board of Directors in its discretion based on a number of factors that it deems relevant, including our financial position, results of operations, available cash resources, cash requirements and alternative uses of cash that our Board of Directors may conclude would be in the best interest of our shareholders. Our dividend payments are subject to relevant contractual limitations, including those in our existing credit agreements. Accordingly, there can be no assurance that any future dividends will be equal or similar in amount to any dividends previously paid or that our Board of Directors will not decide to reduce, suspend or discontinue the payment of dividends in the future.

Our operating results could be adversely affected by any weakening of economic conditions

Our overall performance depends in part on worldwide economic conditions. Certain economies have experienced periods of downturn as a result of a multitude of factors, including, but not limited to, turmoil in the credit and financial markets, concerns regarding the stability and viability of major financial institutions, declines in gross domestic product, increases in unemployment and volatility in commodity prices and worldwide stock markets, and excessive government debt. The severity and length of time that a downturn in economic and financial market conditions may persist, as well as the timing, strength and sustainability of any recovery, are unknown and are beyond our control. Moreover, any instability in the global economy affects countries in different ways, at different times and with varying severity, which makes the impact to our business complex and unpredictable. During such downturns, many customers may delay or reduce technology purchases. Contract negotiations may become more protracted or conditions could result in reductions in the licensing of our software products and the sale of cloud and other services, longer sales cycles, pressure on our margins, difficulties in collection of accounts receivable or delayed payments, increased default risks associated with our accounts receivables, slower adoption of new technologies and increased price competition. In addition, deterioration of the global credit markets could adversely impact our ability to complete licensing transactions and services transactions, including maintenance and support renewals. Any of these events, as well as a general weakening of, or declining corporate confidence in, the global economy, or a curtailment in government or corporate spending could delay or decrease our revenues and therefore have a material adverse effect on our business, operating results and financial condition.

Stress in the global financial system may adversely affect our finances and operations in ways that may be hard to predict or to defend against

Financial developments seemingly unrelated to us or to our industry may adversely affect us over the course of time. For example, material increases in LIBOR or other applicable interest rate benchmarks may increase the debt payment costs for our credit facilities. Credit contraction in financial markets may hurt our ability to access credit in the event that we identify an acquisition opportunity or require significant access to credit for other reasons. Similarly, volatility in our stock price due to seemingly unrelated financial developments could hurt our ability to raise capital for the financing of acquisitions or other reasons. Potential price inflation caused by an excess of liquidity in countries where we conduct business may increase the cost we incur to provide our solutions and may reduce profit margins on agreements that govern the licensing of our software products and/or the sale of our services to customers over a multi-year period. A reduction in credit, combined with reduced economic activity, may adversely affect businesses and industries that collectively constitute a significant portion of our customer base such as the public sector. As a

result, these customers may need to reduce their licensing of our software products or their purchases of our services, or we may experience greater difficulty in receiving payment for the licenses and services that these customers purchase from us. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on our business, operating results, and financial condition.

Acquisitions, investments, joint ventures and other business initiatives may negatively affect our operating results. The growth of our Company through the successful acquisition and integration of complementary businesses is a critical component of our corporate strategy. Thus, we continue to seek opportunities to acquire or invest in businesses, products and technologies that expand, complement or otherwise relate to our current or future business. We may also consider, from time to time, opportunities to engage in joint ventures or other business collaborations with third parties to address particular market segments. These activities create risks such as: (i) the need to integrate and manage the businesses and products acquired with our own business and products; (ii) additional demands on our resources, systems, procedures and controls; (iii) disruption of our ongoing business; and (iv) diversion of management's attention from other business concerns. Moreover, these transactions could involve: (a) substantial investment of funds or financings by issuance of debt or equity securities; (b) substantial investment with respect to technology transfers and operational integration; and (c) the acquisition or disposition of product lines or businesses. Also, such activities could result in one-time charges and expenses and have the potential to either dilute the interests of existing shareholders or result in the issuance or assumption of debt. Such acquisitions, investments, joint ventures or other business collaborations may involve significant commitments of financial and other resources of our Company. Any such activity may not be successful in generating revenues, income or other returns to us, and the resources committed to such activities will not be available to us for other purposes. Moreover, if we are unable to access capital markets on acceptable terms or at all, we may not be able to consummate acquisitions, or may have to do so on the basis of a less than optimal capital structure. Our inability (i) to take advantage of growth opportunities for our business or for our products and services, or (ii) to address risks associated with acquisitions or investments in businesses, may negatively affect our operating results. Additionally, any impairment of goodwill or other intangible assets acquired in an acquisition or in an investment, or charges associated with any acquisition or investment activity, may materially impact our results of operations which, in turn, may have an adverse material effect on the price of our Common Shares.

Businesses we acquire may have disclosure controls and procedures and internal controls over financial reporting that are weaker than or otherwise not in conformity with ours

We have a history of acquiring complementary businesses of varying size and organizational complexity. Upon consummating an acquisition, we seek to implement our disclosure controls and procedures as well as our internal controls over financial reporting at the acquired company as promptly as possible. Depending upon the nature of the business acquired, the implementation of our disclosure controls and procedures as well as the implementation of our internal controls over financial reporting at an acquired company may be a lengthy process. We conduct due diligence prior to consummating an acquisition; however, such diligence may not identify all material issues and our integration efforts may periodically expose deficiencies in the disclosure controls and procedures as well as in internal controls over financial reporting of an acquired company. If such deficiencies exist, we may not be in a position to comply with our periodic reporting requirements and, as a result, our business and financial condition may be materially harmed.

We may be unable to successfully integrate acquired businesses or do so within the intended timeframes, which could have an adverse effect on our financial condition, results of operations and business prospects.

Our ability to realize the anticipated benefits of acquired businesses will depend, in part, on our ability to successfully and efficiently integrate acquired businesses and operations with our own. The integration of acquired operations with our existing business will be complex, costly and time-consuming, and may result in additional demands on our resources, systems, procedures and controls, disruption of our ongoing business, and diversion of management's attention from other business concerns. Although we cannot be certain of the degree and scope of operational and integration problems that may arise, the difficulties and risks associated with the integration of acquired businesses may include, among others:

- the increased scope and complexity of our operations;
- coordinating geographically separate organizations, operations, relationships and facilities;
- integrating (i) personnel with diverse business backgrounds, corporate cultures and management philosophies, and (ii) the standards, policies and compensation structures, as well as the complex systems, technology, networks and other assets, of the companies;
- preserving important strategic and customer relationships;

the possibility that we may have failed to discover liabilities of acquired businesses during our due diligence investigations as part of the acquisition for which we, as a successor owner, may be responsible; and provisions in contracts with third parties that may limit flexibility to take certain actions.

As a result of these difficulties and risks, we may not accomplish the integration of acquired businesses smoothly, successfully or within our budgetary expectations and anticipated timetables, which may result in a failure to realize some or all of the anticipated benefits of our acquisitions.

Our indebtedness could limit our operations and opportunities.

Our debt service obligations could have an adverse effect on our earnings and cash flows for as long as the indebtedness is outstanding, which could reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes.

As of June 30, 2015, our credit facilities consisted of a \$800 million term loan facility (Term Loan B) and a \$300 million committed revolving credit facility (the Revolver). Borrowings under Term Loan B and the Revolver, if any, are or will be secured by a first charge over substantially all of our assets.

Repayments made under Term Loan B are equal to 0.25% of the original principal amount in equal quarterly installments for the life of Term Loan B, with the remainder due at maturity. The terms of Term Loan B (and to the extent there are outstanding amounts thereunder, the Revolver) include customary restrictive covenants that impose operating and financial restrictions on us, including restrictions on our ability to take actions that could be in our best interests. These restrictive covenants include certain limitations on our ability to make investments, loans and acquisitions, incur additional debt, incur liens and encumbrances, consolidate, amalgamate or merge with any other person, dispose of assets, make certain restricted payments, including a limit on dividends on equity securities or payments to redeem, repurchase or retire equity securities or other indebtedness, engage in transactions with affiliates, materially alter the business we conduct, and enter into certain restrictive agreements. Term Loan B (and to the extent there are outstanding amounts thereunder, the Revolver) includes a financial covenant relating to a maximum consolidated net leverage ratio, which could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions. Our failure to comply with any of the covenants that are included in Term Loan B (and to the extent there are outstanding amounts thereunder, the Revolver) could result in a default under the terms thereof, which could permit the lenders thereunder to declare all or part of any outstanding borrowings to be immediately due and payable.

On January 15, 2015, we issued \$800.0 million in aggregate principal amount of our 5.625% senior unsecured notes due 2023 (Senior Notes) in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to certain persons in offshore transactions pursuant to Regulation S under the Securities Act. The Senior Notes bear interest at a rate of 5.625% per annum, are payable semi-annually in arrears on January 15 and July 15 and will mature on January 15, 2023, unless earlier redeemed, in accordance with their terms, or repurchased. Our failure to comply with any of the covenants that are included in the indenture governing the Senior Notes could result in a default under the terms thereof, which could result in all or part of any outstanding borrowings to be immediately due and payable.

The risks discussed above would be increased to the extent that we engage in acquisitions that involve the incurrence of material debt.

For more details see note 10 "Long-Term Debt" to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our properties consist of owned and leased office facilities for sales, support, research and development, consulting and administrative personnel, totaling approximately 336,000 square feet of owned facilities and approximately 1,795,000 square feet of leased facilities.

Owned Facilities

Waterloo, Ontario, Canada

Our headquarters is located in Waterloo, Ontario, Canada, and it consists of approximately 232,000 square feet. The land upon which the buildings stand is leased from the University of Waterloo for a period of 49 years beginning in December 2005, with an option to renew for an additional term of 49 years. The option to renew is exercisable by us upon providing written notice to the University of Waterloo not earlier than the 40th anniversary and not later than the 45th anniversary of the lease commencement date.

Brook Park, Ohio, United States

We own land and a building located in Brook Park, Ohio, that consists of approximately 104,000 square feet. This building is used primarily as a data center.

Leased Facilities

We lease approximately 1,795,000 square feet both domestically and internationally. Our significant leased facilities include the following facilities:

- Hyderabad facility, located in India, totaling approximately 147,000 square feet;
- Grasbrunn facility, located in Germany, totaling approximately 123,000 square feet of office and storage;
- Richmond Hill facility, located in Ontario, Canada, totaling approximately 101,000 square feet;
- Tinton Falls facility, located in New Jersey, United States, totaling approximately 90,000 square feet;
- Gaithersburg facility, located in Maryland, United States, totaling approximately 84,000 square feet;
- Makati City facility, located in Manila, Philippines, totaling approximately 79,000 square feet;
- San Mateo facility, located in California, United States, totaling approximately 54,000 square feet; and
- Alpharetta facility, located in Georgia, United States, totaling approximately 54,000 square feet;

Due to restructuring and merger integration initiatives, we have vacated approximately 202,000 square feet of our leased properties. The vacated space has either been sublet or is being actively marketed for sublease or disposition. In addition we also maintain a customer briefing centre and management office in Toronto, Ontario, Canada.

Item 3. Legal Proceedings

In the normal course of business, we are subject to various legal claims, as well as potential legal claims. While the results of litigation and claims cannot be predicted with certainty, we believe that the final outcome of these matters will not have a materially adverse effect on our consolidated results of operations or financial conditions.

For more information regarding litigation and the status of certain regulatory and tax proceedings, please refer to Part I, Item 1A "Risk Factors" and to note 13 "Guarantees and Contingencies" to our Consolidated Financial Statements, which are set forth in Part II, under Item 8 of this Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Our Common Shares have traded on the NASDAQ stock market since 1996 under the symbol "OTEX" and our Common Shares have traded on the Toronto Stock Exchange (TSX) since 1998 under the symbol "OTC".

The following table sets forth the high and low sales prices for our Common Shares, as reported by the TSX and NASDAQ, respectively, for the periods indicated below.

	NASDAQ (in USD)		TSX (in CAD)	
	High	Low	High	Low
Fiscal Year Ended June 30, 2015:				
Fourth Quarter	\$58.43	\$39.93	\$71.66	\$49.46
Third Quarter	\$61.74	\$52.38	\$76.71	\$64.50
Second Quarter	\$60.44	\$51.00	\$69.39	\$57.29
First Quarter	\$58.71	\$46.85	\$64.72	\$50.10
Fiscal Year Ended June 30, 2014:				
Fourth Quarter	\$49.97	\$44.76	\$55.16	\$49.23
Third Quarter	\$52.86	\$44.05	\$58.03	\$48.20
Second Quarter	\$46.65	\$35.05	\$49.66	\$36.63
First Quarter	\$37.95	\$32.24	\$39.09	\$33.53

On July 27, 2015, the closing price of our Common Shares on the NASDAQ was \$36.90 per share, and on the TSX was Canadian \$48.11 per share.

As at July 27, 2015, we had 353 shareholders of record holding our Common Shares of which 306 were U.S. shareholders.

Unregistered Sales of Equity Securities

None.

Dividend Policy

Pursuant to a policy adopted by our Board of Directors in April 2013 to pay non-cumulative quarterly dividends, we paid our first quarterly cash dividend in June 2013. We currently expect to continue paying comparable cash dividends on a quarterly basis. However, future declarations of dividends are subject to the final determination of our Board of Directors, in its discretion, based on a number of factors that it deems relevant, including our financial position, results of operations, available cash resources, cash requirements and alternative uses of cash that our Board of Directors may conclude would be in the best interest of our shareholders. Our dividend payments are subject to relevant contractual limitations, including those in our existing credit agreements. We have historically declared dividends in U.S. dollars, but registered shareholders can elect to receive dividends in U.S. dollars or Canadian dollars by contacting the Company's transfer agent.

In Fiscal 2015, our Board of Directors declared the following dividends:

Declaration Date	Dividend per Share	Record Date	Total amount (in thousands of U.S. dollars)	Payment Date
4/27/2015	\$0.2000	5/29/2015	\$24,455	6/19/2015
1/26/2015	\$0.1725	2/26/2015	\$21,075	3/19/2015
10/22/2014	\$0.1725	11/21/2014	\$21,054	12/12/2014
7/30/2014	\$0.1725	8/29/2014	\$21,045	9/19/2014

In Fiscal 2014, our Board of Directors declared the following dividends:

Declaration Date	Dividend per Share	Record Date	Total amount (in thousands of U.S. dollars)	Payment Date
4/24/2014	\$0.1725	5/23/2014	\$21,001	6/13/2014
1/23/2014	\$0.1500	2/25/2014	\$18,224	3/14/2014
10/30/2013	\$0.1500	11/29/2013	\$17,747	12/20/2013
7/31/2013	\$0.1500	8/30/2013	\$17,721	9/20/2013

Stock Purchases

PURCHASE OF EQUITY SECURITIES OF THE COMPANY FOR THE THREE MONTHS ENDED JUNE 30, 2015

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
04/01/15 to 04/31/15	—	\$—	—	—
05/01/15 to 05/31/15	—	\$—	—	—
06/01/15 to 06/30/15	218,000	\$42.69	—	17,845
Total	218,000	\$42.69	—	17,845

The above represents Common Shares repurchased for potential reissuance under our Long Term Incentive Plans (LTIP) or otherwise. For more details of this repurchase, please see “Treasury Stock” under note 12 “Share Capital, Option Plans and Share-based Payments” to our Consolidated Financial Statements.

Normal Course Issuer Bid

On July 28, 2015, our board of directors authorized the repurchase of up to \$200 million of our Common Shares. Shares may be repurchased from time to time in the open market, private purchases through forward, derivative, accelerated repurchase or automatic repurchase transactions or otherwise. Certain of our share repurchases may from time to time be effected through repurchase plans. The timing of any repurchases will depend on market conditions, our financial condition, results of operations, liquidity and other factors.

Stock Performance Graph and Cumulative Total Return

The following graph compares for each of the five fiscal years ended June 30, 2015 the yearly percentage change in the cumulative total shareholder return on our Common Shares with the cumulative total return on:

- an index of companies in the software application industry (Morningstar Application-Software Index);
- the NASDAQ Composite Index; and
- the S&P/TSX Composite Index.

The graph illustrates the cumulative return on a \$100 investment in our Common Shares made on June 30, 2010, as compared with the cumulative return on a \$100 investment in the Morningstar Application-Software Index, the NASDAQ Composite Index and the S&P/TSX Composite Index (the Indices) made on the same day. Dividends declared on securities comprising the respective Indices and declared on our Common Shares are assumed to be reinvested. The performance of our Common Shares as set out in the graph is based upon historical data and is not indicative of, nor intended to forecast, future performance of our Common Shares. The graph lines merely connect measurement dates and do not reflect fluctuations between those dates.

The chart below provides information with respect to the value of \$100 invested on June 30, 2010 in our Common Shares as well as in the other Indices, assuming dividend reinvestment when applicable:

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	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Open Text Corporation	\$100.00	\$170.54	\$132.92	\$183.22	\$260.24	\$223.01
Morningstar Application-Software Index	\$100.00	\$145.70	\$140.40	\$166.60	\$202.78	\$225.57
NASDAQ Composite	\$100.00	\$132.73	\$142.01	\$167.01	\$219.06	\$250.68
S&P/TSX Composite	\$100.00	\$133.09	\$113.06	\$118.03	\$149.86	\$126.56

To the extent that this Annual Report on Form 10-K has been or will be specifically incorporated by reference into any filing by us under the Securities Act or the Exchange Act, the foregoing “Stock Performance Graph and Cumulative Total Return” shall not be deemed to be “soliciting materials” or to be so incorporated, unless specifically otherwise provided in any such filing.

For information relating to our various stock compensation plans, see Item 12 of this Annual Report on Form 10-K.

Canadian Tax Matters

Dividends

Since June 21, 2013 and unless stated otherwise, dividends paid by the Company to Canadian residents are eligible dividends as per the Income Tax Act (Canada).

Non-residents of Canada

Dividends paid or credited to non-residents of Canada are subject to a 25% withholding tax unless reduced by treaty. Under current tax treaties, U.S. residents are subject to a 15% withholding tax.

Beginning in calendar year 2012, the Canada Revenue Agency has introduced new rules requiring residents of any country with which Canada has a tax treaty to certify that they reside in that country and are eligible to have Canadian non-resident tax withheld on the payment of dividends at the tax treaty rate. Registered shareholders should have completed the Declaration of Eligibility for Benefits under a Tax Treaty for a Non-Resident Taxpayer and returned it to our transfer agent, ComputerShare Investor Services Inc.

United States Tax Matters

U.S. residents

The following discussion summarizes certain U.S. federal income tax considerations relevant to an investment in the Common Shares by a U.S. holder. For purposes of this summary, a “U.S. holder” is a beneficial owner of Common Shares that holds such shares as capital assets under the U.S. Internal Revenue Code of 1986, as amended (the Code) and is a citizen or resident of the United States and not of Canada, a corporation organized under the laws of the United States or any political subdivision thereof, or a person that is otherwise subject to U.S. federal income tax on a net income basis in respect of Common Shares. It does not address any aspect of U.S. federal gift or estate tax, or of state, local or non-U.S. tax laws and does not address aspects of U.S. federal income taxation applicable to U.S. holders holding options, warrants or other rights to acquire Common Shares. Further, this discussion does not address the U.S. federal income tax consequences to U.S. holders that are subject to special treatment under U.S. federal income tax laws, including, but not limited to U.S. holders owning directly, indirectly or by attribution 10% or more of the Company’s voting power; broker-dealers; banks or insurance companies; financial institutions; regulated investment companies; taxpayers who have elected mark-to-market accounting; tax-exempt organizations; taxpayers who hold Common Shares as part of a “straddle,” “hedge,” or “conversion transaction” with other investments; individual retirement or other tax-deferred accounts; taxpayers whose functional currency is not the U.S. dollar; partnerships or the partners therein; S corporations; or U.S. expatriates.

The discussion is based upon the provisions of the Code, the Treasury regulations promulgated thereunder, the Convention Between the United States and Canada with Respect to Taxes on Income and Capital, together with related Protocols and Competent Authority Agreements (the Convention), the administrative practices published by the U.S. Internal Revenue Service (the IRS) and U.S. judicial decisions, all of which are subject to change. This discussion does not consider the potential effects, both adverse and beneficial, of any recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time.

Distributions on the Common Shares

Subject to the discussion below under “Passive Foreign Investment Company Rules,” U.S. holders generally will treat the gross amount of distributions paid by the Company equal to the U.S. dollar value of such dividends on the date the dividends are received or treated as received (based on the exchange rate on such date), without reduction for Canadian withholding tax (see “Canadian Tax Matters - Dividends - Non-residents of Canada”), as dividend income for U.S. federal income tax purposes to the extent of the Company’s current and accumulated earnings and profits.

Because the Company does not expect to maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions paid to U.S. holders generally will be reported as dividends.

Individual U.S. holders will generally be eligible to treat dividends as “qualified dividend income” taxable at preferential rates with certain exceptions for short-term and hedged positions, and provided that the Company is not during the taxable year in which the dividends are paid (and was not in the preceding taxable year) classified as a “passive foreign investment company” (PFIC) as described below under “Passive Foreign Investment Company Rules.” Dividends paid on the Common Shares generally will not be eligible for the “dividends received” deduction allowed to corporate U.S. holders in respect of dividends from U.S. corporations.

If a U.S. holder receives foreign currency on a distribution that is not converted into U.S. dollars on the date of receipt, the U.S. holder will have a tax basis in the foreign currency equal to its U.S. dollar value on the date the dividends are received or treated as received. Any gain or loss recognized upon a subsequent sale or other disposition of the foreign currency, including an exchange for U.S. dollars, will be U.S. source ordinary income or loss.

The amount of Canadian tax withheld generally will give rise to a foreign tax credit or deduction for U.S. federal income tax purposes (see “Canadian Tax Matters - Dividends - Non-residents of Canada”). Dividends paid by the Company generally will constitute “passive category income” for purposes of the foreign tax credit (or in the case of certain U.S. holders, “general category income”). The Code, as modified by the Convention, applies various limitations on the amount of foreign tax credit that may be available to a U.S. taxpayer. The Common Shares are currently traded on both the NASDAQ and TSX. Dividends paid by a foreign corporation that is at least 50% owned by U.S. persons may be treated as U.S. source income (rather than foreign source income) for foreign tax credit purposes to the extent they are attributable to earnings and profits of the foreign corporation from sources within the United States, if the foreign corporation has more than an insignificant amount of U.S. source earnings and profits. Although this rule does not appear to be intended to apply in the context of a public company such as the Company, we are not aware of any authority that would render it inapplicable. In part because the Company does not expect to calculate its earnings and profits for U.S. federal income tax purposes, the effect of this rule may be to treat all or a portion of any dividends paid by the Company as U.S. source income, which in turn may limit a U.S. holder’s ability to claim a foreign tax credit for the Canadian withholding taxes payable in respect of the dividends. Subject to limitations, the Code permits a U.S. holder entitled to benefits under the Convention to elect to treat any dividends paid by the Company as foreign-source income for foreign tax credit purposes. The foreign tax credit rules are complex. U.S. holders should consult their own tax advisors with respect to the implications of those rules for their investments in the Common Shares.

Sale, Exchange, Redemption or Other Disposition of Common Shares

Subject to the discussion below under “Passive Foreign Investment Company Rules,” the sale of Common Shares generally will result in the recognition of gain or loss to a U.S. holder in an amount equal to the difference between the amount realized and the U.S. holder’s adjusted basis in the Common Shares. A U.S. holder’s tax basis in a Common Share will generally equal the price it paid for the Common Share. Any capital gain or loss will be long-term if the Common Shares have been held for more than one year. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company Rules

Special U.S. federal income tax rules apply to U.S. persons owning shares of a PFIC. The Company will be classified as a PFIC in a particular taxable year if either: (i) 75 percent or more of the Company’s gross income for the taxable year is passive income, or (ii) the average percentage of the value of the Company’s assets that produce or are held for the production of passive income is at least 50 percent. If the Company is treated as a PFIC for any year, U.S. holders may be subject to adverse tax consequences upon a sale, exchange, or other disposition of the Common Shares, or upon the receipt of certain “excess distributions” in respect of the Common Shares. Dividends paid by a PFIC are not qualified dividends eligible for taxation at preferential rates. Based on audited consolidated financial statements, we believe that the Company was not treated as a PFIC for U.S. federal income tax purposes with respect to its 2014 or

2015 taxable years. In addition, based on a review of the Company's audited consolidated financial statements and its current expectations regarding the value and nature of its assets and the sources and nature of its income, the Company does not anticipate becoming a PFIC for the 2016 taxable year.

Information Reporting and Backup Withholding

Except in the case of corporations or other exempt holders, dividends paid to a U.S. holder may be subject to U.S. information reporting requirements and may be subject to backup withholding unless the U.S. holder provides an accurate taxpayer identification number on a properly completed IRS Form W-9 and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that certain required information is timely furnished to the IRS.

Item 6. Selected Financial Data

The following table summarizes our selected consolidated financial data for the periods indicated. The selected consolidated financial data should be read in conjunction with our Consolidated Financial Statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Annual Report on Form 10-K. The selected consolidated statement of income and balance sheet data for each of the five fiscal years indicated below has been derived from our audited Consolidated Financial Statements. Over the last five fiscal years we have acquired a number of companies including, but not limited to, Actuate Corporation, GXS Group, Inc., EasyLink Services International Corp., Global 360 Holding Corp. and Metastorm Inc. The results of these companies and all of our previously acquired companies have been included herein and have contributed to the growth in our revenues, net income and net income per share and such acquisitions affect period-to-period comparability.

	Fiscal Year Ended June 30,				
	2015	2014	2013	2012	2011
(In thousands, except per share data)					
Statement of Income Data:					
Revenues	\$ 1,851,917	\$ 1,624,699	\$ 1,363,336	\$ 1,207,473	\$ 1,033,303
Net income, attributable to OpenText	\$ 234,327	\$ 218,125	\$ 148,520	\$ 125,174	\$ 123,203
Net income per share, basic, attributable to OpenText	\$ 1.92	\$ 1.82	\$ 1.27	\$ 1.08	\$ 1.08
Net income per share, diluted, attributable to OpenText	\$ 1.91	\$ 1.81	\$ 1.26	\$ 1.07	\$ 1.06
Weighted average number of Common Shares outstanding, basic	122,092	119,674	117,208	115,780	114,154
Weighted average number of Common Shares outstanding, diluted	122,957	120,576	118,124	117,468	116,520
As of June 30,					
	2015	2014	2013	2012	2011
Balance Sheet Data:					
Total assets	\$ 4,388,495	\$ 3,899,698	\$ 2,654,817	\$ 2,444,293	\$ 1,932,363
Long-term liabilities *	\$ 1,933,254	\$ 1,616,330	\$ 789,726	\$ 788,107	\$ 477,545
Cash dividends per Common Share	\$ 0.7175	\$ 0.6225	\$ 0.1500	** \$—	\$—

* includes long term debt

** We paid our first dividend in June 2013.

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

This Annual Report on Form 10-K, including this Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the U.S. Securities Act of 1933, as amended (the Securities Act), and is subject to the safe harbours created by those sections. All statements other than statements of historical facts are statements that could be deemed forward-looking statements.

When used in this report, the words “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “may”, “could”, “might”, “will” and other similar language, as they relate to Open Text Corporation (“OpenText” or the “Company”), are intended to identify forward-looking statements under applicable securities laws. Specific forward-looking

statements in this report include, but are not limited to: (i) statements about our focus in the fiscal year beginning July 1, 2015 and ending June 30, 2016 (Fiscal 2016) on growth in earnings and cash flows; (ii) creating value through investments in broader Enterprise Information Management (EIM) capabilities; (iii) our future business plans and business planning process; (iv) statements relating to business trends; (v) statements relating to distribution; (vi) the Company's presence in the cloud and in growth markets; (vii) product and solution developments, enhancements and releases and the timing thereof; (viii) the Company's financial conditions, results of operations and earnings; (ix) the basis for any future growth and for our financial performance; (x) declaration of quarterly dividends; (xi) the changing regulatory environment and its impact on our business; (xii) recurring revenues; (xiii) research and development and related expenditures; (xiv) our building, development and consolidation of our network infrastructure; (xv) competition and changes in the competitive landscape; (xvi) our management and protection of intellectual property and other proprietary rights; (xvii) foreign sales and exchange rate fluctuations; (xviii) cyclical or seasonal aspects of our business; (xix) capital expenditures; (xx) potential legal and/or regulatory proceedings; and (xxi) other matters. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking, and based on our current expectations, forecasts and projections about the operating environment, economies and markets in which we operate. Forward-looking statements reflect our current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The forward-looking statements contained in this report are based on certain assumptions including the following: (i) countries continuing to implement and enforce existing and additional customs and security regulations relating to the provision of electronic information for imports and exports; (ii) our continued operation of a secure and reliable business network; (iii) the stability of general economic and market conditions, currency exchange rates, and interest rates; (iv) equity and debt markets continuing to provide us with access to capital; (v) our continued ability to identify and source attractive and executable business combination opportunities; and (vi) our continued compliance with third party intellectual property rights. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. We can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. The risks and uncertainties that may affect forward-looking statements include, but are not limited to: (i) integration of acquisitions and related restructuring efforts, including the quantum of restructuring charges and the timing thereof; (ii) the possibility that the Company may be unable to meet its future reporting requirements under the Exchange Act, and the rules promulgated thereunder; (iii) the risks associated with bringing new products and services to market; (iv) fluctuations in currency exchange rates; (v) delays in the purchasing decisions of the Company's customers; (vi) the competition the Company faces in its industry and/or marketplace; (vii) the final determination of litigation, tax audits (including tax examinations in the United States or elsewhere) and other legal proceedings; (viii) potential exposure to greater than anticipated tax liabilities or expenses, including with respect to changes in Canadian, U.S. or international tax regimes; (ix) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (x) the continuous commitment of the Company's customers; (xi) demand for the Company's products and services; (xii) increase in exposure to international business risks as we continue to increase our international operations; (xiii) inability to raise capital at all or on not unfavorable terms in the future; and (xiv) downward pressure on our share price and dilutive effect of future sales or issuances of equity securities. Other factors that may affect forward-looking statements include, but are not limited to: (i) the future performance, financial and otherwise, of the Company; (ii) the ability of the Company to bring new products and services to market and to increase sales; (iii) the strength of the Company's product development pipeline; (iv) failure to secure and protect patents, trademarks and other proprietary rights; (v) infringement of third-party proprietary rights triggering indemnification obligations and resulting in significant expenses or restrictions on our ability to provide our products or services; (vi) failure to comply with privacy laws and regulations that are extensive, open to various interpretations and complex to implement; (vii) the Company's growth and profitability prospects; (viii) the estimated size and growth

prospects of the EIM market; (ix) the Company's competitive position in the EIM market and its ability to take advantage of future opportunities in this market; (x) the benefits of the Company's products and services to be realized by customers; (xi) the demand for the Company's products and services and the extent of deployment of the Company's products and services in the EIM marketplace; (xii) the Company's financial condition and capital requirements; (xiii) system or network failures or information security breaches in connection with our services and products; and (xiv) failure to attract and retain key personnel to develop and effectively manage our business.

Readers should carefully review Part I, Item 1A "Risk Factors" and other documents we file from time to time with the Securities and Exchange Commission and other applicable securities regulators. A number of factors may materially affect our business, financial condition, operating results and prospects. These factors include but are not limited to those set forth in Part I, Item 1A "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Any one of these factors, and other factors that we are unaware of, or currently deem immaterial, may cause our actual results to differ materially from recent results or from our anticipated future results.

The following MD&A is intended to help readers understand our results of operations and financial condition, and is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the accompanying Notes to our Consolidated Financial Statements under Part II, Item 8 of this Annual Report on Form 10-K.

All dollar and percentage comparisons made herein under the sections titled "Fiscal 2015 Compared to Fiscal 2014" refer to Fiscal 2015 compared with the twelve months ended June 30, 2014 (Fiscal 2014). All dollar and percentage comparisons made herein under the sections titled "Fiscal 2014 Compared to Fiscal 2013" refer to Fiscal 2014 compared with the twelve months ended June 30, 2013 (Fiscal 2013).

Where we say "we", "us", "our", "OpenText" or "the Company", we mean Open Text Corporation or Open Text Corporation and its subsidiaries, as applicable.

EXECUTIVE OVERVIEW

We operate in the Enterprise Information Market (EIM). We are an independent company providing a comprehensive suite of software products and services that assist organizations in finding, utilizing, and sharing business information from any device in ways which are intuitive, efficient and productive. Our technologies and business solutions address one of the biggest problems encountered by enterprises today: the explosive growth of information volume and formats. Our software and services allow organizations to manage the information that flows into, out of, and throughout the enterprise as part of daily operations. Our solutions help to increase customer satisfaction, improve collaboration with partners, address the legal and business requirements associated with information governance, and aim to ensure that information remains secure and private, as demanded in today's highly regulated climate.

Our products and services provide the benefits of maximizing the value of enterprise information while minimizing its risks. Our solutions incorporate social and mobile technologies and are delivered for on-premises deployment as well as through cloud and managed hosted services models to provide the flexibility and cost efficiencies demanded by the market. In addition, we provide solutions that facilitate the exchange of transactions that occur between supply chain participants, such as manufacturers, retailers, distributors and financial institutions, and are central to a company's ability to effectively collaborate with its partners.

Our initial public offering was on the NASDAQ in 1996 and we were subsequently listed on the Toronto Stock Exchange in 1998. We are a multinational company and as of June 30, 2015, employed approximately 8,500 people worldwide.

Fiscal 2015 Summary:

During Fiscal 2015 we saw the following activity:

- Total revenue was \$1,851.9 million, up 14.0% over the prior fiscal year.
- Total recurring revenue was \$1,557.7 million, up 18.1% over the prior fiscal year.
- Cloud services and subscription revenue was \$605.3 million, up 62.1% over the prior fiscal year.
- License revenue was \$294.3 million, down 3.8% over the prior fiscal year.
- GAAP-based EPS, diluted, was \$1.91 compared to \$1.81 in the prior fiscal year.
- Non-GAAP-based EPS, diluted, was \$3.46 compared to \$3.37 in the prior fiscal year.
- GAAP-based gross margin was 67.5% compared to 68.5% in the prior fiscal year.
- GAAP-based operating margin was 18.8% compared to 18.5% in the prior fiscal year.
- Non-GAAP-based operating margin was 30.9%, stable year over year.
- Operating cash flow was \$523.0 million, up 25.4% from the prior fiscal year.
- Cash and cash equivalents was \$700.0 million as of June 30, 2015, compared to \$427.9 million as of June 30, 2014. See "Use of Non-GAAP Financial Measures" below for a reconciliation of non-GAAP-based measures to GAAP-based measures.

See "Acquisitions" below for the impact of acquisitions on the period-to-period comparability of results.

Acquisitions

Our competitive position in the marketplace requires us to maintain a complex and evolving array of technologies, products, services and capabilities. In light of the continually evolving marketplace in which we operate, we regularly evaluate various acquisition opportunities within the EIM market. During Fiscal 2015, the following acquisitions were made:

Acquisition of Actuate Corporation

On January 16, 2015, we acquired Actuate Corporation (Actuate), based in San Francisco, California, United States, for \$332.0 million, comprised of approximately \$322.4 million in cash and certain shares we previously purchased of Actuate in the open market with a fair value of approximately \$9.5 million as of the date of acquisition. Actuate was a leader in personalized analytics and insights and we believe the acquisition will complement our OpenText EIM Suite. The results of operations of Actuate have been consolidated with OpenText during the third quarter of Fiscal 2015, beginning on January 16, 2015.

Acquisition of Informative Graphics Corporation

On January 2, 2015, we acquired Informative Graphics Corporation (IGC), based in Scottsdale, Arizona, United States, for approximately \$40 million. IGC was a leading developer of viewing, annotation, redaction and publishing commercial software. We believe this acquisition will enable OpenText to engineer solutions that further increase a user's experience within our OpenText EIM Suite. The financial results of operations of IGC have been consolidated with Open Text's financial results during the third quarter of Fiscal 2015, beginning on January 2, 2015.

We believe our acquisitions support our long-term strategic direction, strengthen our competitive position, expand our customer base, provide greater scale to accelerate innovation, grow our earnings and increase shareholder value. We expect to continue to strategically acquire companies, products, services and technologies to augment our existing business. Our acquisitions, particularly significant ones such as GXG Group, Inc. (GXG) in January 2014, affect the period-to-period comparability of our results. See note 18 "Acquisitions" to our Consolidated Financial Statements for more details.

Outlook for Fiscal 2016

We believe we have a strong position in the EIM market. We look to grow our Cloud-based EIM strategy through acquisitions, innovation and with new ways to purchase our solutions, such as our recently announced subscription pricing and managed service offerings. While we continue to offer on-premises solutions, we realize the EIM market is broad and we are agnostic to whether a customer prefers an on-premises solution, cloud solution, or combination of both (hybrid). We believe giving the customer choice and flexibility with their payment option will help us to strive to obtain long-term customer value. In addition to reviewing our earnings and cash flows, we measure long-term value by looking at our "recurring revenue", which we define as revenue from Cloud services and subscriptions, Customer support and Professional service and other. In Fiscal 2015, recurring revenue was \$1,557.7 million, up 18.1% compared to Fiscal 2014, and represented 84% of our total revenues.

Our Cloud services and subscriptions revenues are growing, up 62% in Fiscal 2015 compared to Fiscal 2014. We believe this shows customers are indeed looking for more choice and flexibility on how they consume technology. We are committed to delivering our products and services to customers via a hybrid delivery model.

Additionally, Customer support revenues, which are generally a recurring source of income for us, make up a significant portion of our revenue mix. Our management reviews our Customer support renewal rates on a quarterly basis and we use these rates as a method of monitoring our customer service performance. For the three months ended June 30, 2015, our Customer support renewal rate was 90%, consistent with the customer support renewal rate during the three months ended June 30, 2014.

We see an opportunity to help our customers become "digital businesses" and with our recent acquisition of Actuate in Fiscal 2015, we have acquired a strong platform to integrate personalized analytics and insights onto our OpenText EIM suites of products, which we believe will further our vision to enable a "digital first world" and strengthen our position among leaders in EIM.

We also believe our diversified geographic profile helps strengthen our position and helps to reduce the impact of a downturn in the economy that may occur in any one specific region.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, judgments and assumptions that affect the amounts reported in the Consolidated Financial Statements. These estimates, judgments and assumptions are evaluated on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable at that time, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from those estimates. The accounting policies that reflect our more significant estimates, judgments and assumptions and which we believe are the most critical to aid in fully understanding and evaluating our

reported financial results include the following:

- (i) Revenue recognition,
- (ii) Capitalized software,
- (iii) Goodwill,
- (iv) Acquired intangibles,
- (v) Restructuring charges,
- (vi) Business combinations,

(vii) Foreign currency, and

(viii) Income taxes.

Revenue recognition

We recognize revenues in accordance with Accounting Standard Codification (ASC) Topic 985-605, “Software Revenue Recognition” (Topic 985-605).

We record product revenues from software licenses and products when persuasive evidence of an arrangement exists, the software product has been shipped, there are no significant uncertainties surrounding product acceptance by the customer, the fees are fixed and determinable, and collection is considered probable. We use the residual method to recognize revenues on delivered elements when a license agreement includes one or more elements to be delivered at a future date if evidence of the fair value of all undelivered elements exists. If an undelivered element for the arrangement exists under the license arrangement, revenues related to the undelivered element is deferred based on vendor-specific objective evidence (VSOE) of the fair value of the undelivered element.

Our multiple-element sales arrangements include arrangements where software licenses and the associated post contract customer support (PCS) are sold together. We have established VSOE of the fair value of the undelivered PCS element based on the contracted price for renewal PCS included in the original multiple element sales arrangement, as substantiated by contractual terms and our significant PCS renewal experience, from our existing worldwide base. Our multiple element sales arrangements generally include irrevocable rights for the customer to renew PCS after the bundled term ends. The customer is not subject to any economic or other penalty for failure to renew. It is our experience that customers generally exercise their renewal PCS option. In the renewal transaction, PCS is sold on a stand-alone basis to the licensees one year or more after the original multiple element sales arrangement. The exercised renewal PCS price is consistent with the renewal price in the original multiple element sales arrangement, although an adjustment to reflect consumer price changes is common.

If VSOE of fair value does not exist for all undelivered elements, all revenues are deferred until sufficient evidence exists or all elements have been delivered.

Cloud services and subscription revenues consist of (i) software as a service offerings (ii) managed service arrangements and (iii) subscription revenues relating to on premise offerings. The customer contracts for each of these three offerings are long term contracts (greater than twelve months) and are based on the customer’s usage over the contract period. The revenue associated with such contracts is recognized once usage has been measured, the fee fixed and determinable and collection is probable.

In certain managed services arrangements, we sell transaction processing along with implementation and start-up services. The implementation and start-up services do not have stand-alone value and, therefore, they do not qualify as separate units of accounting and are not separated. We believe these services do not have stand-alone value as (i) the customer only receives value from these services in conjunction with the use of the related transaction processing service, (ii) we do not sell such services separately, and (iii) the output of such services cannot be re-sold by the customer. Revenues related to implementation and start-up services are recognized over the longer of the contract term or the estimated customer life. In some arrangements, we also sell professional services which do have stand-alone value and can be separated from other elements in the arrangement, in which case the revenue related to these services is recognized as the service is performed. In some arrangements, we also sell professional services as a separate single element arrangement. The revenue related to these services is recognized as the service is performed. We defer all direct and relevant costs associated with implementation of long-term customer contracts to the extent such costs can be recovered through guaranteed contract revenues.

Service revenues consist of revenues from consulting, implementation, training and integration services. These services are set forth separately in the contractual arrangements such that the total price of the customer arrangement is expected to vary as a result of the inclusion or exclusion of these services. For those contracts where the services are not essential to the functionality of any other element of the transaction, we determine VSOE of fair value for these services based upon normal pricing and discounting practices for these services when sold separately. These consulting and implementation services contracts are primarily time and materials based contracts that are, on average, less than six months in length. Revenues from these services are recognized at the time such services are performed. Revenue for contracts that are primarily fixed fee arrangements, wherein the services are not essential to the functionality of a software element, are recognized using the proportional performance method.

Revenues from training and integration services are recognized in the period in which these services are performed. We entered into certain long-term sales contracts involving the sale of integrated solutions that include the modification and customization of software and the provision of services that are essential to the functionality of the other elements in this arrangement. As prescribed by ASC Topic 985-605, we recognize revenues from such arrangements in accordance with the contract accounting guidelines in ASC Topic 605-35, "Construction-Type and Production-Type Contracts" (Topic 605-35), after

evaluating for separation of any non-Topic 605-35 elements in accordance with the provisions of ASC Topic 605-25, "Multiple-Element Arrangements" (Topic 605-25).

When circumstances exist that allow us to make reasonably dependable estimates of contract revenues, contract costs and the progress of the contract to completion, we account for sales under such long-term contracts using the percentage-of-completion (POC) method of accounting. Under the POC method, progress towards completion of the contract is measured based upon either input measures or output measures. We measure progress towards completion based upon an input measure and calculate this as the proportion of the actual hours incurred compared to the total estimated hours. For training and integration services rendered under such contracts, revenues are recognized as the services are rendered. We will review, on a quarterly basis, the total estimated remaining costs to completion for each of these contracts and apply the impact of any changes on the POC prospectively. If at any time we anticipate that the estimated remaining costs to completion will exceed the value of the contract, the resulting loss will be recognized immediately.

When circumstances exist that prevent us from making reasonably dependable estimates of contract revenues, we account for sales under such long-term contracts using the completed contract method.

We execute certain sales contracts through resellers and distributors (collectively, resellers) and also large, well-capitalized partners such as SAP AG and Accenture plc. (collectively, channel partners).

Revenues relating to sales through resellers and channel partners are recognized when all the recognition criteria have been met, in other words, persuasive evidence of an arrangement exists, delivery has occurred in the reporting period, the fee is fixed and determinable, and collectability is probable. In addition we assess the creditworthiness of each reseller and if the reseller is newly formed, undercapitalized or in financial difficulty any revenues expected to emanate from such resellers are deferred and recognized only when cash is received and all other revenue recognition criteria are met.

Capitalized Software

We capitalize software development costs in accordance with ASC Topic 350-40 – "Accounting for the Costs of Computer Software Developed or Obtained for Internal-Use". We capitalize costs for software to be used internally when we enter the application development stage. This occurs when we complete the preliminary project stage, management authorizes and commits to funding the project, and it is feasible that the project will be completed and the software will perform the intended function. We cease to capitalize costs related to a software project when it enters the post implementation and operation stage. If different determinations are made with respect to the state of development of a software project, then the amount capitalized and the amount charged to expense for that project could differ materially.

Costs capitalized during the application development stage consist of payroll and related costs for employees who are directly associated with, and who devote time directly to, a project to develop software for internal use. We also capitalize the direct costs of materials and services, which generally includes outside contractors, and interest. We do not capitalize any general and administrative or overhead costs or costs incurred during the application development stage related to training or data conversion costs. Costs related to upgrades and enhancements to internal-use software, if those upgrades and enhancements result in additional functionality, are capitalized. If upgrades and enhancements do not result in additional functionality, those costs are expensed as incurred. If different determinations are made with respect to whether upgrades or enhancements to software projects would result in additional functionality, then the amount capitalized and the amount charged to expense for that project could differ materially.

We amortize capitalized costs with respect to development projects for internal-use software when the software is ready for use. The capitalized software development costs are generally amortized using the straight-line method over a 5-year period. In determining and reassessing the estimated useful life over which the cost incurred for the software should be amortized, we consider the effects of obsolescence, technology, competition and other economic factors. If different determinations are made with respect to the estimated useful life of the software, the amount of amortization charged in a particular period could differ materially.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. The carrying amount of goodwill is periodically reviewed for impairment (at a minimum annually) and whenever events or changes in circumstances indicate that the carrying value of this asset may not be

recoverable.

Our operations are analyzed by management and our chief operating decision maker (CODM) as being part of a single industry segment: the design, development, marketing and sales of Enterprise Information Management software and solutions. Therefore, our goodwill impairment assessment is based on the allocation of goodwill to a single reporting unit.

We perform a qualitative assessment to test our reporting unit's goodwill for impairment. Based on our qualitative assessment, if we determine that the fair value of our reporting unit is more likely than not (i.e., a likelihood of more than 50

percent) to be less than its carrying amount, the two step impairment test is performed. In the first step, we compare the fair value of our reporting unit to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not considered impaired and we are not required to perform further testing. If the carrying value of the net assets of our reporting unit exceeds its fair value, then we must perform the second step of the two step impairment test in order to determine the implied fair value of our reporting unit's goodwill. If the carrying value our reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference would be recorded.

Acquired intangibles

Acquired intangibles consist of acquired technology and customer relationships associated with various acquisitions. Acquired technology is initially recorded at fair value based on the present value of the estimated net future income-producing capabilities of software products acquired on acquisitions. We amortize acquired technology over its estimated useful life on a straight-line basis.

Customer relationships represent relationships that we have with customers of the acquired companies and are either based upon contractual or legal rights or are considered separable; that is, capable of being separated from the acquired entity and being sold, transferred, licensed, rented or exchanged. These customer relationships are initially recorded at their fair value based on the present value of expected future cash flows. We amortize customer relationships on a straight-line basis over their estimated useful lives.

We continually evaluate the remaining estimated useful life of our intangible assets being amortized to determine whether events and circumstances warrant a revision to the remaining period of amortization.

Restructuring charges

We record restructuring charges relating to contractual lease obligations and other exit costs in accordance with ASC Topic 420, "Exit or Disposal Cost Obligations" (Topic 420). Topic 420 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at its fair value in the period in which the liability is incurred. In order to incur a liability pursuant to Topic 420, our management must have established and approved a plan of restructuring in sufficient detail. A liability for a cost associated with involuntary termination benefits is recorded when benefits have been communicated and a liability for a cost to terminate an operating lease or other contract is incurred when the contract has been terminated in accordance with the contract terms or we have ceased using the right conveyed by the contract, such as vacating a leased facility.

The recognition of restructuring charges requires us to make certain judgments regarding the nature, timing and amount associated with the planned restructuring activities, including estimating sub-lease income and the net recoverable amount of equipment to be disposed of. At the end of each reporting period, we evaluate the appropriateness of the remaining accrued balances.

Business combinations

We apply the provisions of ASC Topic 805, "Business Combinations" (Topic 805), in the accounting for our acquisitions. It requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments would be recorded to our consolidated statements of operations. Costs to exit or restructure certain activities of an acquired company or our internal operations are accounted for as one-time termination and exit costs pursuant to Topic 420 and are accounted for separately from the business combination.

For a given acquisition, we generally identify certain pre-acquisition contingencies as of the acquisition date and may extend our review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess whether we include these contingencies as a part of the purchase price allocation and, if so, to determine the estimated amounts.

If we determine that a pre-acquisition contingency (non-income tax related) is probable in nature and estimable as of the acquisition date, we record our best estimate for such a contingency as a part of the preliminary purchase price allocation. We often continue to gather information and evaluate our pre-acquisition contingencies throughout the measurement period and if

we make changes to the amounts recorded or if we identify additional pre-acquisition contingencies during the measurement period, such amounts will be included in the purchase price allocation during the measurement period and, subsequently, in our results of operations.

Uncertain tax positions and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. We review these items during the measurement period as we continue to actively seek and collect information relating to facts and circumstances that existed at the acquisition date. Changes to these uncertain tax positions and tax related valuation allowances made subsequent to the measurement period, or if they relate to facts and circumstances that did not exist at the acquisition date, are recorded in our provision for income taxes in our Consolidated Statement of Income.

Foreign currency

Our Consolidated Financial Statements are presented in U.S. dollars. In general, the functional currency of our subsidiaries is the local currency. For each subsidiary, assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates in effect at the balance sheet dates and revenues and expenses are translated at the average exchange rates prevailing during the month of the transaction. The effect of foreign currency translation adjustments not affecting net income are included in Shareholders' equity under the "Cumulative translation adjustment" account as a component of "Accumulated other comprehensive income". Transactional foreign currency gains (losses) included in the Consolidated Statements of Income under the line item "Other income (expense) net" for Fiscal 2015, Fiscal 2014 and Fiscal 2013 were \$(31.0) million, \$4.0 million and \$(2.6) million, respectively.

Income taxes

We account for income taxes in accordance with ASC Topic 740, "Income Taxes" (Topic 740). Deferred tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the Consolidated Financial Statements that will result in taxable or deductible amounts in future years. These temporary differences are measured using enacted tax rates. A valuation allowance is recorded to reduce deferred tax assets to the extent that we consider it is more likely than not that a deferred tax asset will not be realized. In determining the valuation allowance, we consider factors such as the reversal of deferred income tax liabilities, projected taxable income, and the character of income tax assets and tax planning strategies. A change to these factors could impact the estimated valuation allowance and income tax expense.

We account for our uncertain tax provisions by using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, based solely on the technical merits, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the appropriate amount of the benefit to recognize. The amount of benefit to recognize is measured as the maximum amount which is more likely than not to be realized. The tax position is derecognized when it is no longer more likely than not that the position will be sustained on audit. On subsequent recognition and measurement the maximum amount which is more likely than not to be recognized at each reporting date will represent the Company's best estimate, given the information available at the reporting date, although the outcome of the tax position is not absolute or final. We recognize both accrued interest and penalties related to liabilities for income taxes within the "Provision for Income Taxes" line of our Consolidated Statements of Income.

RESULTS OF OPERATIONS

The following tables provide a detailed analysis of our results of operations and financial condition. For each of the periods indicated below, we present our revenues by product, revenues by major geography, cost of revenues by product, total gross margin, total operating margin, gross margin by product, and their corresponding percentage of total revenue. In addition, we provide Non-GAAP measures for the periods discussed in order to provide additional information to investors that we believe will be useful as this presentation is in line with how our management assesses our Company's performance. See "Use of Non-GAAP Financial Measures" below for a reconciliation of Non-GAAP-based measures to GAAP-based measures.

Summary of Results of Operations

(In thousands)	Year Ended June 30,		2014	Change		2013	
	2015	Change increase (decrease)		Change increase (decrease)			
Total Revenues by Product Type:							
License	\$294,266	\$(11,580)	) \$305,846	\$32,861		\$272,985
Cloud services and subscriptions	605,309	231,909	373,400	192,988		180,412	
Customer support	731,797	24,773	707,024	48,808		658,216	
Professional service and other	220,545	(17,884)	) 238,429	(13,294)	)	251,723
Total revenues	1,851,917	227,218	1,624,699	261,363		1,363,336	
Total Cost of Revenues	601,785	90,115	511,670	25,766		485,904	
Total GAAP-based Gross Profit	1,250,132	137,103	1,113,029	235,597		877,432	
Total GAAP-based Gross Margin %	67.5	%	68.5	%		64.4	%
Total GAAP-based Operating Expenses	901,421	88,920	812,501	132,734		679,767	
Total GAAP-based Income from Operations	\$348,711	\$48,183	\$300,528	\$102,863		\$197,665	
% Revenues by Product Type:							
License	15.9	%	18.8	%		20.0	%
Cloud services and subscriptions	32.7	%	23.0	%		13.2	%
Customer support	39.5	%	43.5	%		48.3	%
Professional service and other	11.9	%	14.7	%		18.5	%
Total Cost of Revenues by Product Type:							
License	\$12,899	\$(262)	) \$13,161	\$(2,834)	)	15,995
Cloud services and subscriptions	239,719	97,053	142,666	69,202		73,464	
Customer support	94,766	(1,213)	) 95,979	(10,193)	)	106,172
Professional service and other	173,399	(16,548)	) 189,947	(6,716)	)	196,663
Amortization of acquired technology-based intangible assets	81,002	11,085	69,917	(23,693)	)	93,610
Total cost of revenues	\$601,785	\$90,115	\$511,670	\$25,766		\$485,904	
% GAAP-based Gross Margin by Product Type:							
License	95.6	%	95.7	%		94.1	%
Cloud services and subscriptions	60.4	%	61.8	%		59.3	%
Customer support	87.1	%	86.4	%		83.9	%
Professional service and other	21.4	%	20.3	%		21.9	%
Total Revenues by Geography:							
Americas (1)	\$1,035,305	\$161,885	\$873,420	\$138,834		\$734,586	
EMEA (2)	638,298	50,402	587,896	94,990		492,906	
Asia Pacific (3)	178,314	14,931	163,383	27,539		135,844	
Total revenues	\$1,851,917	\$227,218	\$1,624,699	\$261,363		\$1,363,336	
% Revenues by Geography:							
Americas (1)	55.9	%	53.8	%		53.9	%

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EMEA (2)	34.5	%	36.2	%	36.1	%
Asia Pacific (3)	9.6	%	10.0	%	10.0	%

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(In thousands)	Year Ended June 30,					
	2015		2014		2013	
GAAP-based gross margin	67.5	%	68.5	%	64.4	%
GAAP-based operating margin	18.8	%	18.5	%	14.5	%
GAAP-based EPS, diluted	\$1.91		\$1.81		\$1.26	
Non-GAAP-based gross margin (4)	72.0	%	72.9	%	71.3	%
Non-GAAP-based operating margin (4)	30.9	%	30.9	%	29.3	%
Non-GAAP-based EPS, diluted (4)	\$3.46		\$3.37		\$2.79	

(1) Americas consists of countries in North, Central and South America.

(2) EMEA primarily consists of countries in Europe, Africa and the United Arab Emirates.

(3) Asia Pacific primarily consists of the countries Japan, Australia, Hong Kong, Korea, Philippines, Singapore and New Zealand.

(4) See "Use of Non-GAAP Financial Measures" (discussed later in the MD&A) for a reconciliation of Non-GAAP-based measures to GAAP-based measures.

Revenues, Cost of Revenues and Gross Margin by Product Type

1) License Revenues:

License revenues consist of fees earned from the licensing of software products to customers. Our license revenues are impacted by the strength of general economic and industry conditions, the competitive strength of our software products, and our acquisitions. Cost of license revenues consists primarily of royalties payable to third parties.

(In thousands)	Year Ended June 30,					
	2015	Change increase (decrease)	2014	Change increase (decrease)	2013	
License Revenues:						
Americas	\$135,262	\$(6,302)	\$141,564	\$12,001	\$129,563	
EMEA	126,650	1,385	125,265	11,229	114,036	
Asia Pacific	32,354	(6,663)	39,017	9,631	29,386	
Total License Revenues	294,266	(11,580)	305,846	32,861	272,985	
Cost of License Revenues	12,899	(262)	13,161	(2,834)	15,995	
GAAP-based License Gross Profit	\$281,367	\$(11,318)	\$292,685	\$35,695	\$256,990	
GAAP-based License Gross Margin %	95.6	%	95.7	%	94.1	%

% License Revenues by Geography:

Americas	46.0	%	46.3	%	47.5	%
EMEA	43.0	%	41.0	%	41.8	%
Asia Pacific	11.0	%	12.7	%	10.7	%

Fiscal 2015 Compared to Fiscal 2014

License revenues decreased by \$11.6 million inclusive of a negative impact of approximately \$20.2 million relating to foreign exchange. Geographically, the overall decrease was attributable to a decrease in Asia Pacific of \$6.7 million, a decrease in Americas of \$6.3 million, offset by an increase in EMEA of \$1.4 million. The number of license deals greater than \$0.5 million that closed during Fiscal 2015 was 78 deals, compared to 77 deals in Fiscal 2014. License revenue, as a proportion of our total revenues, decreased from 18.8% in Fiscal 2014 to 15.9% in Fiscal 2015 primarily as a result of an increasing proportion in cloud services and subscriptions revenues.

Cost of license revenues were relatively stable, with gross margin percentage remaining at approximately 96%.

Fiscal 2014 Compared to Fiscal 2013:

License revenues increased by \$32.9 million, which was geographically attributable to an increase in Americas of \$12.0 million, an increase in EMEA of \$11.2 million, and an increase in Asia Pacific of \$9.6 million. The number of license deals

greater than \$0.5 million that closed during Fiscal 2014 increased as compared to the prior fiscal year (77 deals in Fiscal 2014 compared to 68 deals in Fiscal 2013).

The acquisition of GXS contributed approximately \$2.6 million of license revenues during Fiscal 2014.

Cost of license revenues decreased by \$2.8 million due to lower third party technology costs. As a result, the gross margin percentage on cost of license revenues increased to approximately 96% from approximately 94%.

2) Cloud Services and Subscriptions:

Cloud services and subscription revenues consist of (i) software as a service offerings (ii) managed service arrangements and (iii) subscription revenues relating to on premise offerings. These offerings allow our customers to make use of OpenText software, services and content over Internet enabled networks supported by OpenText data centers. These web applications allow customers to transmit a variety of content between various mediums and to securely manage enterprise information without the commitment of investing in related hardware infrastructure. Revenues are generated on several transactional usage-based models, are typically billed monthly in arrears, and can therefore fluctuate from period to period. Certain service fees are occasionally charged to customize hosted software for some customers and are either amortized over the estimated customer life, in the case of setup fees, or recognized in the period they are provided.

In addition, we offer business-to-business (B2B) integration solutions, such as messaging services, and managed services. Messaging services allow for the automated and reliable exchange of electronic transaction information, such as purchase orders, invoices, shipment notices and other business documents, among businesses worldwide. Managed services provide an end-to-end fully outsourced B2B integration solution to our customers, including program implementation, operational management, and customer support. These services enable customers to effectively manage the flow of electronic transaction information with their trading partners and reduce the complexity of disparate standards and communication protocols. Revenues are primarily generated through transaction processing. Transaction processing fees are recurring in nature and are recognized on a per transaction basis in the period in which the related transactions are processed. Revenues from contracts with monthly, quarterly or annual minimum transaction levels are recognized based on the greater of the actual transactions or the specified contract minimum amounts during the relevant period. Customers who are not committed to multi-year contracts generally are under contracts for transaction processing solutions that automatically renew every month or year, depending on the terms of the specific contracts.

Cost of cloud services and subscriptions revenues is comprised primarily of third party network usage fees, maintenance of in-house data hardware centers, technical support personnel-related costs, amortization of customer set up and implementation costs, and some third party royalty costs.

(In thousands)	Year Ended June 30,		Change		Change	
	2015	Change increase (decrease)	2014	increase (decrease)	2013	
Cloud Services and Subscriptions:						
Americas	\$394,471	\$146,716	\$247,755	\$130,665	\$117,090	
EMEA	141,473	66,388	75,085	46,657	28,428	
Asia Pacific	69,365	18,805	50,560	15,666	34,894	
Total Cloud Services and Subscriptions Revenues	605,309	231,909	373,400	192,988	180,412	
Cost of Cloud Services and Subscriptions Revenues	239,719	97,053	142,666	69,202	73,464	
GAAP-based Cloud Services and Subscriptions Gross Profit	\$365,590	\$134,856	\$230,734	\$123,786	\$106,948	
GAAP-based Cloud Services and Subscriptions Gross Margin %	60.4	%	61.8	%	59.3	%

% Cloud Services and Subscriptions Revenues
by Geography:

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Americas	65.2	%	66.4	%	64.9	%
EMEA	23.4	%	20.1	%	15.8	%
Asia Pacific	11.5	%	13.5	%	19.3	%

Fiscal 2015 Compared to Fiscal 2014:

Cloud services and subscriptions revenues increased by \$231.9 million, which is inclusive of the full year impact of our acquisition of GXS and a negative impact of \$18.0 million of foreign exchange. Geographically, the overall increase was attributable to an increase in Americas of \$146.7 million, an increase in EMEA of \$66.4 million, and an increase in Asia Pacific of \$18.8 million. There were 31 Cloud services deals greater than \$1.0 million that closed during Fiscal 2015.

Cost of cloud services and subscriptions revenues increased by \$97.1 million, primarily due to the full year impact from our acquisition of GXS and higher revenue attainment and increased bad debt expense, partially offset by a reduction in sales tax liabilities. As a result, the gross margin percentage on cloud services and subscriptions revenue decreased slightly to approximately 60% from approximately 62%.

Fiscal 2014 Compared to Fiscal 2013:

Cloud services and subscriptions revenues increased by \$193.0 million, primarily due to the acquisition of GXS. Geographically, this was attributable to an increase in Americas of \$130.7 million, an increase in EMEA of \$46.7 million, and an increase in Asia Pacific of \$15.7 million.

Cost of cloud services and subscriptions revenues increased by \$69.2 million in tandem with increased revenues. However, the gross margin percentage on cloud services revenue increased to approximately 62% from approximately 59% as a result of a reduction in third party technology costs associated with lower revenue from legacy cloud services and the impact of certain one-time adjustments related to sales tax liabilities.

3) Customer Support Revenues:

Customer support revenues consist of revenues from our customer support and maintenance agreements. These agreements allow our customers to receive technical support, enhancements and upgrades to new versions of our software products when and if available. Customer support revenues are generated from support and maintenance relating to current year sales of software products and from the renewal of existing maintenance agreements for software licenses sold in prior periods. Therefore, changes in customer support revenues do not always correlate directly to the changes in license revenues from period to period. The terms of support and maintenance agreements are typically twelve months, with customer renewal options. Cost of customer support revenues is comprised primarily of technical support personnel and related costs, as well as third party royalty costs.

(In thousands)	Year Ended June 30,					
	2015	Change increase (decrease)	2014	Change increase (decrease)	2013	
Customer Support Revenues:						
Americas	\$403,189	\$29,658	\$373,531	\$18,672	\$354,859	
EMEA	270,822	(9,035)	279,857	28,314	251,543	
Asia Pacific	57,786	4,150	53,636	1,822	51,814	
Total Customer Support Revenues	731,797	24,773	707,024	48,808	658,216	
Cost of Customer Support Revenues	94,766	(1,213)	95,979	(10,193)	106,172	
GAAP-based Customer Support Gross Profit	\$637,031	\$25,986	\$611,045	\$59,001	\$552,044	
GAAP-based Customer Support Gross Margin %	87.1	%	86.4	%	83.9	%
% Customer Support Revenues by Geography:						
Americas	55.1	%	52.8	%	53.9	%
EMEA	37.0	%	39.6	%	38.2	%
Asia Pacific	7.9	%	7.6	%	7.9	%

Fiscal 2015 Compared to Fiscal 2014:

Customer support revenues increased by \$24.8 million, which is inclusive of the negative impact of foreign exchange of approximately \$33.7 million. Geographically, the overall increase was attributable to an increase in Americas of \$29.7 million, and an increase in Asia Pacific of \$4.2 million, offset by a decrease in EMEA of \$9.0 million.

Cost of customer support revenues were relatively stable during Fiscal 2015. However, as a result of a reduction in technical support personnel related costs, the gross margin percentage on customer support revenues increased slightly to approximately 87% from approximately 86% in Fiscal 2014.

Fiscal 2014 Compared to Fiscal 2013:

Customer support revenues increased by \$48.8 million, which was geographically attributable to an increase in EMEA of \$28.3 million, an increase in Americas of \$18.7 million, and an increase in Asia Pacific of \$1.8 million.

The acquisition of GXS contributed approximately \$13.1 million of customer support revenues during Fiscal 2014. Cost of customer support revenues decreased by \$10.2 million. This was primarily due to a reduction in the installed base of third party products and a reduction in technical support personnel related costs. As a result, the gross margin percentage on customer support revenues increased to approximately 86% from approximately 84%.

4) Professional Service and Other Revenues:

Professional service and other revenues consist of revenues from consulting contracts and contracts to provide implementation, training and integration services (professional services). "Other" revenues consist of hardware revenues. These revenues are grouped within the "Professional service and other" category because they are relatively immaterial to our service revenues. Professional services are typically performed after the purchase of new software licenses. Cost of professional service and other revenues consists primarily of the costs of providing integration, configuration and training with respect to our various software products. The most significant components of these costs are personnel-related expenses, travel costs and third party subcontracting.

(In thousands)	Year Ended June 30,		2014	Change		2013
	2015	Change increase (decrease)		Change increase (decrease)		
Professional Service and Other Revenues:						
Americas	\$102,384	\$(8,184)	\$110,568	\$(22,506)	\$133,074	
EMEA	99,353	(8,338)	107,691	8,792	98,899	
Asia Pacific	18,808	(1,362)	20,170	420	19,750	
Total Professional Service and Other Revenues	220,545	(17,884)	238,429	\$(13,294)	251,723	
Cost of Professional Service and Other Revenues	173,399	(16,548)	189,947	(6,716)	196,663	
GAAP-based Professional Service and Other Gross Profit	\$47,146	\$(1,336)	\$48,482	\$(6,578)	\$55,060	
GAAP-based Professional Service and Other Gross Margin %	21.4	%	20.3	%	21.9	%
% Professional Service and Other Revenues by Geography:						
Americas	46.4	%	46.4	%	52.9	%
EMEA	45.0	%	45.2	%	39.3	%
Asia Pacific	8.5	%	8.5	%	7.8	%

Fiscal 2015 Compared to Fiscal 2014:

Professional service and other revenues decreased by \$17.9 million, of which approximately \$12.2 million was due to the negative impact of foreign exchange. Geographically, the overall decrease was attributable to a decrease in EMEA of \$8.3 million, a decrease in Americas of \$8.2 million, and a decrease in Asia Pacific of \$1.4 million.

Cost of professional service and other revenues decreased by \$16.5 million. This was primarily due to lower labour related expenses associated with lower revenue attainment and a reduction in the use of subcontractors. As a result, the gross margin percentage on professional service and other revenues has increased to approximately 21% from approximately 20%.

Fiscal 2014 Compared to Fiscal 2013:

Professional service and other revenues decreased by \$13.3 million, which was geographically attributable to a decrease in Americas of \$22.5 million, offset by an increase in EMEA of \$8.8 million, and an increase in Asia Pacific of \$0.4 million.

Cost of professional service and other revenues decreased by \$6.7 million. This was primarily due to lower labour related expenses associated with lower revenue, offset by an increase in the use of subcontractors. As a result the gross margin percentage on professional service and other revenues decreased to approximately 20% from approximately 22%.

Amortization of Acquired Technology-based Intangible Assets

(In thousands)	Year Ended June 30,		2014	Change	
	2015	Change increase (decrease)		2013	increase (decrease)
Amortization of acquired technology-based intangible assets	\$81,002	\$11,085	\$69,917	\$(23,693)	\$93,610

Fiscal 2015 Compared to Fiscal 2014:

Amortization of acquired technology-based intangible assets increased by \$11.1 million, primarily due to the addition of new acquired technology-based intangible assets from our acquisitions of Actuate, IGC, and GXS. This was partially offset by the intangible assets pertaining to our acquisitions of Vignette Corporation (Vignette), Hummingbird Corporation (Hummingbird), and Captaris Inc. becoming fully amortized.

Fiscal 2014 Compared to Fiscal 2013:

Amortization of acquired technology-based intangible assets decreased by \$23.7 million as compared to Fiscal 2013. This is due to the intangible assets pertaining to our acquisitions of Vignette, Hummingbird, and Captaris Inc. becoming fully amortized, offset in part by the addition of new acquired technology-based intangible assets resulting from our acquisition of GXS in the third quarter of Fiscal 2014.

Operating Expenses

(In thousands)	Year Ended June 30,		2014	Change	
	2015	Change increase (decrease)		2013	increase (decrease)
Research and development	\$196,491	\$19,657	\$176,834	\$12,824	\$164,010
Sales and marketing	369,920	24,277	345,643	56,486	289,157
General and administrative	163,042	20,592	142,450	33,125	109,325
Depreciation	50,906	15,669	35,237	10,741	24,496
Amortization of acquired customer-based intangible assets	108,239	27,216	81,023	12,278	68,745
Special charges	12,823	(18,491)	31,314	7,280	24,034
Total operating expenses	\$901,421	\$88,920	\$812,501	\$132,734	\$679,767

% of Total Revenues:

Research and development	10.6	%	10.9	%	12.0	%
Sales and marketing	20.0	%	21.3	%	21.2	%
General and administrative	8.8	%	8.8	%	8.0	%
Depreciation	2.7	%	2.2	%	1.8	%
Amortization of acquired customer-based intangible assets	5.8	%	5.0	%	5.0	%
Special charges	0.7	%	1.9	%		