Section 1: 10-K (FORM 10-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2019

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

For the transition period from ________ to ________

Commission File No. 001-38911

CLARIVATE ANALYTICS PLC
(Exact name of registrant as specified in its charter)

Jersey, Channel Islands
(State or other jurisdiction of incorporation or organization)

Friars House, 160 Blackfriars Roads
London SE1 8EZ
United Kingdom
(Address of principal executive offices)

Not applicable
(I.R.S. Employer Identification No.)

Not applicable
(Zip Code)

Registrant's telephone number, including area code: +44 207 4334000

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

<table>
<thead>
<tr>
<th>Title of each class</th>
<th>Trading Symbol(s)</th>
<th>Name of exchange on which registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>CCC</td>
<td>New York Stock Exchange</td>
</tr>
<tr>
<td>Warrants to purchase ordinary shares</td>
<td>CCC.WS</td>
<td>NYSE American</td>
</tr>
</tbody>
</table>

Securities registered pursuant to Section 12(g) of the Exchange Act: None

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes ☒ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Large accelerated filer</td>
<td></td>
<td></td>
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<tr>
<td>Accelerated filer</td>
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<td></td>
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<tr>
<td>Non-accelerated filer</td>
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<td></td>
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<tr>
<td>Smaller reporting company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerging growth company</td>
<td>☒</td>
<td></td>
</tr>
</tbody>
</table>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The aggregate market value of the approximately 68.0 million ordinary shares held by non-affiliates of the Company (assuming for these purposes, but without conceding, that all executive officers and directors of the Company are affiliates of the Company) as of June 30, 2019, the last day of business of our most recently completed second fiscal quarter, was $1.05 billion, based on the closing sale price of the ordinary shares of $15.38 on June 28, 2019 as reported by the New York Stock Exchange.

The number of ordinary shares of the Company outstanding as of February 26, 2020 was 361,663,054.

DOCUMENTS INCORPORATED BY REFERENCE
None
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Note on Defined Terms and Presentation

We employ a number of defined terms in this annual report for clarity and ease of reference, which we have capitalized so that you may recognize them as such. Generally, we explain a defined term the first time it is used. As used throughout this annual report, unless otherwise indicated or the context otherwise requires, the terms “Clarivate,” the “Company,” “our,” “us” and “we” refer to Clarivate Analytics Plc and its consolidated subsidiaries; “Baring” refers to the affiliated funds of Baring Private Equity Asia Pte Ltd that from time to time hold our ordinary shares; and “Onex” refers to the affiliates of Onex Partners Advisor LP that from time to time hold our ordinary shares.

Unless otherwise indicated, dollar amounts throughout this annual report are presented in thousands of dollars, except for per share amounts.

Website and Social Media Disclosure

We use our website (www.clarivate.com) and corporate Twitter account (@Clarivate) as routine channels of distribution of company information, including news releases, analyst presentations, and supplemental financial information, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “Securities Act”) and the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, investors should monitor our website and our corporate Twitter account in addition to following press releases, SEC filings, and public conference calls and webcasts. Additionally, we provide notifications of news or announcements as part of our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by signing up for email alerts.

None of the information provided on our website, in our press releases, public conference calls, and webcasts, or through social media channels is incorporated into, or deemed to be a part of, this annual report or in any other report or document we file with the SEC, and any references to our website or our social media channels are intended to be inactive textual references only.

Foreign Private Issuer Status and Financial Presentation

We currently qualify as a foreign private issuer (“FPI”) under the rules of the SEC. We currently anticipate that we will retain FPI status until at least December 31, 2020. However, even though we qualify as an FPI, we report our financial results in accordance with U.S. generally accepted accounting principles (“GAAP”) and, beginning with this annual report, we have elected to file our periodic and current reports on Forms 10-K, 10-Q and 8-K.

Industry and Market Data

The market data and other statistical information used throughout this annual report are based on industry publications and surveys, public filings and various government sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. Statements as to our ranking, market position and market estimates (including estimates of the sizes and future growth rates of our markets) are based on independent industry publications, government publications, third-party forecasts and management’s good faith estimates and assumptions about our markets and our internal research. We have not independently verified such third-party information nor have we ascertained the underlying economic assumptions relied upon in those sources, and we are unable to assure you of the accuracy or completeness of such information contained in this annual report. While we are not aware of any misstatements regarding our market, industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors. See “Item 1A. Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements” in this annual report.
PART I

Item 1. Business

Overview

We are a leading global information services and analytics company serving the scientific research, intellectual property and life sciences end-markets. We provide structured information and analytics to facilitate the discovery, protection and commercialization of scientific research, innovations and brands. Our product portfolio includes well-established, market-leading brands such as Web of Science, Derwent Innovation, Life Sciences, CompuMark and MarkMonitor. We believe that our flagship products hold a #1 or #2 global position by revenues across the respective markets they serve, including abstracting and indexing databases, life science regulatory and competitive intelligence and intellectual property protection (including patent, trademarks and brand protection). We serve a large, diverse and global customer base. As of December 31, 2019, we served over 40,000 entities in more than 170 countries, including the top 30 pharmaceutical companies by revenues and 50 global patent offices. We believe that the strong value proposition of our content, user interfaces, visualization and analytical tools, combined with the integration of our products and services into customers’ daily workflows, leads to our substantial customer loyalty as evidenced by their high propensity to renew their subscriptions with us.

Our structure is comprised of two product groups: Science and Intellectual Property (“IP”). The Science Group consists of the Web of Science and Life Science Product Lines. The IP Group consists of the Derwent, CompuMark and MarkMonitor Product Lines. This structure enables a sharp focus on cross-selling opportunities within the markets we serve and provides substantial scale.

Corporations, government agencies, universities, law firms and other professional services organizations around the world depend on our high-value, curated content, analytics and services. Unstructured data has grown exponentially over the last decade. This trend has resulted in a critical need for unstructured data to be meaningfully filtered, analyzed and curated into relevant information that facilitates key operational and strategic decisions made by businesses, academic institutions and governments worldwide. Our highly curated, proprietary information created through our sourcing, aggregation, verification, translation and categorization of data has resulted in our solutions being embedded in our customers’ workflow and decision-making processes.

For the year ended December 31, 2019, we generated approximately $974,345 of revenues. We generated recurring revenues through our subscription-based model, which accounted for 82.6% of our revenues for the year ended December 31, 2019. In each of the past three years, we have also achieved annual revenue renewal rates in excess of 90%. (For information on annual revenue renewal rates, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Key Performance Indicators — Annual Revenue Renewal Rates.”) No single customer accounted for more than 1% of revenues and our ten largest customers represented only 5% of revenues for the year ended December 31, 2019.

The following charts illustrate our revenues for the year ended December 31, 2019 by group, type and geography:
Our Products

Our product portfolio is summarized below.

<table>
<thead>
<tr>
<th>Science Group</th>
<th>Intellectual Property Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td><strong>Life Sciences</strong></td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td><strong>Derwent</strong></td>
</tr>
<tr>
<td>Used to navigate scientific and academic research discoveries, conduct analysis and evaluate research impact</td>
<td>Used to search and analyze patents</td>
</tr>
<tr>
<td><strong>Curated Information Set</strong></td>
<td><strong>CompuMark</strong></td>
</tr>
<tr>
<td>Database of 1B+ citations, 166mm+ index records</td>
<td>Database of 80mm+ patent filings across 50 patent offices</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td><strong>MarkMonitor</strong></td>
</tr>
<tr>
<td>7,000+ leading academic institutions and governments and research intensive corporations use Web of Science and its Journal Impact Factor</td>
<td>Used by 50 patent offices, large R&amp;D organizations of Fortune 1000 companies and various universities</td>
</tr>
<tr>
<td>Trusted by the top 30 pharma companies and hundreds of research groups</td>
<td>15 industrial databases, 70 Pharma in-use databases</td>
</tr>
<tr>
<td>Web of Science InCites ScholarOne</td>
<td>MarkMonitor manages 44% of the top 50 most trafficked corporate website domain portfolios</td>
</tr>
<tr>
<td><strong>Notable Products</strong></td>
<td><strong>Derwent Innovation TechStreet</strong></td>
</tr>
<tr>
<td>Cortellis RI Integrity Newport</td>
<td>Watch Screen Search</td>
</tr>
<tr>
<td><strong>Domain Management Brand Protection</strong></td>
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</tbody>
</table>

Our Strategy

The Clarivate management team, led by Executive Chairman and Chief Executive Officer Jerre Stead, is implementing a transformation strategy designed to improve operations, increase cash flow and accelerate revenues growth. Our transition to standalone operations since our 2016 separation from Thomson Reuters Corporation and its affiliates (“Thomson Reuters”) has required extensive management time and focus and involved significant expenditures, including sizeable payments to Thomson Reuters under the transition services agreement formerly in effect. We believe that our transition to a standalone company positions us to implement our transformation strategy and to improve our productivity compared to other leaders in the information services sector on a revenues per employee basis and in terms of our Adjusted EBITDA margins.

Under Mr. Stead’s leadership, we are embarking on a race to deliver excellence to the markets we serve and continue our evolution as a world-class organization. As we move forward, the focus will be on three basic principles; focus, simplify and execute. This means:

1. Focusing on our core capabilities and the greatest opportunities for growth.
2. Simplifying our organization and processes. The focus on two product groups will be the driver for streamlining our operations.
3. Relentlessly driving execution of our strategy and growth plans.

These changes will help us operate with greater focus and urgency. They will ensure that we put our clients first, drive accountability throughout the organization, accelerate decision-making, and promote consistency. These tenets will enable us to deliver long-term, sustainable growth.
With a proven operational playbook, we have quickly pursued initiatives to set ourselves on a growth trajectory. Our results for the year ended December 31, 2019 are among the first proof points that our transformation is underway.

### Proven Playbook with Multiple Levers

<table>
<thead>
<tr>
<th>Accelerate Revenue Growth</th>
<th>Fourth Progress Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>~ Product and pricing enhancement strategies</td>
<td>1. Revenue growth 0.6% (2)</td>
</tr>
<tr>
<td>~ Increased pipeline of new products</td>
<td>2. Adjusted revenue growth (at constant currency) 3.1% (2)</td>
</tr>
<tr>
<td>~ Build strength in Asia Pacific</td>
<td>3. Subscription revenue growth 1.4%</td>
</tr>
<tr>
<td>~ Optimizing pricing and cross-sell</td>
<td>4. Adjusted subscription revenue growth (at constant currency) 4.3%(2)</td>
</tr>
<tr>
<td></td>
<td>5. Transactional revenue growth (4.7)%</td>
</tr>
<tr>
<td></td>
<td>6. Adjusted Transactional revenue growth (at constant currency) (2.3%)</td>
</tr>
</tbody>
</table>

### Enhance Margins

7. ACV growth (at constant currency) 3.5% (3)

| ~ Benefit from top-line initiatives | 8. 90.1% retention rate (4) |
| ~ Simplifying G&A structure | Net loss $210,977 (Net loss margin and margin improvement not meaningful; reduction in Net loss of 12.9%) (2) |
| ~ Consolidating footprint | 9. Adjusted EBITDA margin 30.2% (2) |
| ~ Increase automation and cloud infrastructure | 10. Adjusted EBITDA margin improvement 150 bps (2) |
| | 11. Adjusted EBITDA growth 7.7% (2) |
| | 12. Exit TSA six months ahead of schedule |

1. For a reconciliation of our non-GAAP measures to the corresponding most closely related measures calculated in accordance with GAAP, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Certain Non-GAAP Measures.”

2. Results calculated for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

3. “ACV” or “annualized contract value” refers to the annualized value for a 12-month period following a given date of all subscription-based client license agreements, assuming that all license agreements that come up for renewal during that period are renewed. The figure above represents the year-over-year growth in the annual value of our subscriptions as of December 31, 2019 as compared to December 31, 2018. For information on ACV, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators – Annualized Contract Value.”

4. Retention rate measurement period is for the year ended December 31, 2019.

### Operational Improvement Initiatives

We are in the process of implementing several cost-saving and margin improvement initiatives designed to generate substantial incremental cash flow. We have engaged a strategic consulting firm to assist us in optimizing our structure and cost base. The focus of these initiatives is to identify significant cost reductions to be implemented over the next several quarters, enabling us to deliver margins consistent with those of our peer group. Some examples include:

- decreasing costs by simplifying organizational structures and rationalizing general and administrative functions to enhance a customer-centric focus;
- using artificial intelligence and the latest technologies to reduce costs and increase efficiencies for content sourcing and curation;
- moving work performed by contractors in-house to best-cost geographic locations, particularly India, where we have significant scale that can be leveraged;
- achieving headcount productivity benchmarks and operational efficiency metrics based on alignment with quantified sector leader benchmarks;
- expanding existing operations in best-cost geographic locations, aligning with business objectives;
• minimizing our real estate footprint by reducing facility locations substantially over the next three years; and
• divesting non-core assets.
**Revenues Growth Initiatives**

We believe a significant opportunity exists for us to accelerate revenues growth by increasing the value of our products and services, developing new products, cross-selling certain products and optimizing sales force productivity. Actions to achieve such revenues growth are expected to include:

- developing new value-added products and services;
- delivering an enhanced client experience through ongoing renovations to our products’ user interface and user experience;
- offering additional analytics that enhance existing products and services;
- moving up the value chain by providing our clients with predictive and prescriptive analytics, allowing for stronger growth and higher retention rates;
- expanding our footprint with new and existing customers, with significant opportunity for growth in the Asia Pacific and emerging markets;
- broadening our consulting capabilities, in particular in the Science Group, where there is considerable opportunity for us to deliver high value consulting services to drive significant revenues growth;
- optimizing product pricing and packaging based on customer needs;
- increasing sales force focus on large accounts;
- expanding our inside sales capability to improve account coverage; and
- restructuring our incentive plans to drive new business, as well as cross-selling among similar products and overlapping buying centers.

The above actions are part of an overarching effort to improve retention rates and new business growth rates to best-in-class levels across our portfolio.

**Pursue Acquisition Opportunities**

Given the fragmented nature of the broader information services industry, we track and, where appropriate, will continue to pursue opportunities across our product groups. From 2017 through 2019, we completed five small add-on acquisitions to augment our existing portfolio of assets and provide additional datasets and services for our customers. Our completed acquisitions include Publons and Kopernio in Science and TrademarkVision, SequenceBase and Darts-ip in IP. Certain of these acquisitions are fully integrated into our platform, while others continue to be integrated, and we believe they have already provided additional value to our customers.

In February 2020, we consummated the acquisition of Decision Resources Group, our largest acquisition to date. See “— Recent Developments.”

We are evaluating additional acquisition opportunities to supplement our existing platform and enable us to enter new markets. Our focus is on disciplined and accretive investments that leverage our core strengths and enhance our current product, market, geographic and customer strategies. We believe that the combination of Mr. Stead’s successful acquisition track record and our scale and status as a global information services leader uniquely positions us to create value through additional acquisitions.

**Positive Sector Dynamics Support Our Trajectory**

We operate in the global information services and analytics sector, which is experiencing robust growth due to many factors. Data and analytics have become critical inputs into broader corporate decision-making in today’s marketplace, and companies and institutions are seeking services like ours to enhance the predictive nature of their analysis. In addition to greater demand for our services, rapid innovation within our customers’ businesses has created new use cases for our services. Third-party industry reports estimate the global data and analytics market will grow from $155 billion in 2018 to $219 billion by 2021, a 12.1% compound annual growth rate over the period. This represents the target addressable market across verticals that have a need for data and analytical services.

Customers of data and analytics products continue to approach complex business decisions in new ways. We believe that these customers are placing greater emphasis and value on the ability to embed predictive and prescriptive analytics into their decision-making processes. These customers are
using smart data to anticipate what will happen in the future, as opposed to using historical data to study what has happened in the past. As such, we are investing in these critical, forward-facing products and solutions. We believe offering these types of products will increase the value clients place on our products, allow for stronger growth and open new addressable markets, as illustrated below.
Significant Move Up the Value Chain with Smart Data Offerings

Our Competitive Strengths

*Leading Market Positions in Attractive and Growing Global Markets*

We offer a collection of high-quality, market-leading information and analytic products and solutions serving the intellectual property, scientific research and life sciences end-markets. Through our products and services, we address the large and growing demand from corporations, government agencies, universities, law firms and other professional services organizations worldwide for comprehensive, industry-specific content and analytical tools to facilitate the discovery, development, protection, commercialization and measurement of scientific research, innovations and brands. We believe that our flagship products hold a #1 or #2 by revenue across the respective markets they serve, including abstracting and indexing databases, life science regulatory and competitive intelligence and intellectual property protection (including patent, trademarks and brand protection). We also believe that the outlook for growth in each of our Product Lines is compelling because of customer demand for curated high-quality data, underpinned by favorable end-market trends, such as rising global R&D spending, growing demand for information services in emerging markets, the acceleration of e-commerce and the increasing number of patent and trademark applications.

*A Trusted Partner Delivering Highly Curated Content Embedded Within Customer Workflows*

We believe the substantial increase in unstructured data over the last decade has increased the importance of our proprietary, curated databases to our customers. This trend has resulted in a critical need for unstructured data to be meaningfully filtered, analyzed and curated into relevant information that facilitates key operational and strategic decisions made by businesses, academic institutions and governments worldwide. Our suite of branded information and analytic solutions provides access to content that has been collected, curated and standardized over decades, making our products and services highly valued and increasingly important for our customers. Our content curation and editorial teams include over 930 employees, who clean, analyze and classify unstructured data to ensure high-quality content and an enhanced user experience. We believe our solutions and commitment to excellence provide us with a significant advantage in both retaining existing and attracting new customers.
Attractive Business Model with Strong Free Cash Flow Profile

Approximately 82.6% of revenues for the year ended December 31, 2019 were generated through annual or multi-year subscription agreements. In addition, we have been able to achieve annual revenues renewal rates in excess of 90% over the past two years. We believe our business has strong and attractive free cash flow characteristics due to our highly visible and recurring subscription revenues stream, attractive Adjusted EBITDA margins, low capital expenditure requirements and favorable net working capital characteristics. Anticipated revenues growth, margin improvement, the recently-completed separation from Thomson Reuters and effective working capital management are expected to result in strong free cash flow generation. We believe this will create capacity to invest further into the business so that we can grow and maximize shareholder returns.

Diversified Product Lines with Longstanding Customer Relationships

We believe that the diversified nature of our Product Lines enhances the stability of our entire platform as we are not dependent on any one end-market, product, service or customer. We serve a large, diverse and global customer base, and as of December 31, 2019, we served over 40,000 entities in more than 170 countries, including the top 30 pharmaceutical companies by revenues and 50 global patent offices. No single customer accounted for more than 1% of revenues and our ten largest customers represented only 5% of revenues for the year ended December 31, 2019. We believe the strong value proposition offered by our content, combined with the integration of our products and services into our customers’ daily workflows and decision-making processes, leads to substantial customer loyalty. Our relationships with our top 50 customers by revenues span an average tenor of over 15 years. Our diverse global footprint is highlighted by the distribution of our revenues for the year ended December 31, 2019 by geography: Americas (47.5%), Europe/Middle East/Africa (28.6%), and Asia Pacific (23.9%).

Resilience Through Economic Cycles

We believe our business is resilient across economic cycles because our products and services are an integral part of our customers’ decision-making processes. We believe multi-year agreements also help to maintain this resiliency. During the most recent economic downturn, three of our key products — Web of Science, Life Sciences and Derwent Innovation — realized year-over-year revenues increases from 2008 to 2009. In addition, our diverse global footprint reduces our exposure to national and regional economic downturns.

Our performance is largely due to the sectors we serve and the deep integration of our products with our customers’ workflows, which provides for a resilient business model even during an economic downturn.

Proven and Experienced Leadership

Mr. Stead is a proven business operator with demonstrated success in shareholder value creation. At Clarivate, Mr. Stead brings his decades of expertise in the information services sector to guide a talented and experienced management team sourced from world-class, global companies, most of whom have decades of experience in their respective areas of expertise.
Background and History

Clarivate Analytics Plc was registered on January 7, 2019 and is organized under the laws of Jersey, Channel Islands. Our registered office is located at 4th Floor, St Paul’s Gate, 22-24 New Street, St. Helier, Jersey JE1 4TR. Our principal business offices are located at Friars House, 160 Blackfriars Road, London SE1 8EZ, United Kingdom, where our main telephone number is +44 207 4334000. We maintain a website at www.clarivate.com. In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers (including Clarivate) that file electronically with the SEC at www.sec.gov.

Our predecessors date back to the acquisition of two industry-leading information services businesses: Derwent World Patents Index (“DWPI”) and Institute for Scientific Information (“ISI”). DWPI was founded in 1951 by Monte Hyams who first began abstracting and publishing British patents on a weekly basis. This platform was then launched as the first online patent search tool in 1974. ISI was founded in 1957 by Dr. Eugene Garfield as a series of databases which laid the foundation for modern day bibliometrics and the influential Journal Impact Factor indicator. Thomson Reuters acquired DWPI in 1984 and ISI in 1992; it made further investments in complementary businesses centered on life science research, domain management and brand protection.

Since Thomson Reuters acquired DWPI and ISI, the business now known as Clarivate has emerged as the leading global information services and analytics company serving the scientific research, intellectual property and life sciences end-markets. Through product development, investment and acquisitions, we have developed a full suite of solutions providing high-value structured information that facilitates the discovery, protection and commercialization of scientific research, innovations and brands.

During the majority of its time under prior ownership, the Company operated as a set of non-core, separate divisions until Thomson Reuters decided in 2015 to divest them. This decision led to two key transformative events.

The first transformative event occurred in October 2016, when Onex and Baring acquired subsidiaries and assets comprising the intellectual property and science business of Thomson Reuters for $3,566,599 and formed Clarivate.

Onex, Baring and the new executive team they put in place focused on transitioning us to be a standalone company and completed a substantial number of operational improvements, including:

- building a new senior executive management team;
- investing in our core products to upgrade their content, functionality, analytical tools and user interfaces;
- completing the acquisitions of Publons, Kopernio, TrademarkVision, and SequenceBase to complement our product offerings;
- implementing initial cost savings initiatives; and
- fully transitioning the business from reliance on Thomson Reuters.

The second transformative event occurred in January 2019, when Churchill Capital Corp, a special purpose acquisition company led by Mr. Stead, announced that it would combine with Clarivate in a transaction completed in May 2019. Following the merger, the ordinary shares and warrants of Clarivate began trading on the New York Stock Exchange (“NYSE”) and the NYSE American under the symbols “CCC” and “CCC.WS,” respectively.
Recent Developments

Acquisition of Decision Resources Group

On January 17, 2020, we entered into an agreement to acquire Decision Resources Group (“DRG”), a premier provider of high-value data, analytics and insights products and services to the healthcare industry, from Piramal Enterprises Limited, which is a part of global business conglomerate Piramal Group. The acquisition closed on February 28, 2020.

The aggregate consideration paid in connection with the closing of the DRG acquisition was approximately $950,000, comprised of $900,000 in cash paid on the closing date and approximately $50,000 in Clarivate ordinary shares to be issued to Piramal Enterprises Limited following the one-year anniversary of closing.

In February 2020, we completed an underwritten public offering of 27,600,000 of our ordinary shares, generating net proceeds of $540,736, which we used to fund a portion of the cash consideration for the DRG acquisition. In addition, we incurred an incremental $360,000 of term loans under our term loan facility and used the net proceeds from such borrowings, together with cash on hand, to fund the remainder of the cash consideration for the DRG acquisition and to pay related fees and expenses.

Redemption of Public Warrants

On February 20, 2020, we announced the redemption of all of our outstanding public warrants to purchase our ordinary shares that were issued as part of the units sold in the Churchill Capital Corp initial public offering and remain outstanding at 5:00 p.m. New York City time on March 23, 2020, for a redemption price of $0.01 per public warrant. In addition, our board of directors elected that, upon delivery of the notice of the redemption on February 20, 2020, all public warrants are to be exercised only on a “cashless basis.” Accordingly, by virtue of the cashless exercise of public warrants, exercising public warrant holders will receive 0.4626 of an ordinary share for each public warrant. Assuming all outstanding public warrants called for redemption on March 23, 2020 are exercised prior to redemption, an additional 4,749,616 ordinary shares would be issued.

In addition, during the period from January 1, 2020 through February 21, 2020, 24,132,666 of our outstanding public warrants were exercised for one ordinary share per whole warrant at a price of $11.50 per share.

The private warrants issued in a private placement concurrently with the Churchill Capital Corp initial public offering and still held by their initial holders are not subject to this redemption.

MarkMonitor Brand Protection, Antipiracy and Antifraud Disposition

In November 2019, we announced an agreement to sell the MarkMonitor™ brand protection, antipiracy and antifraud businesses, and completed such divestiture on January 1, 2020. We retained the MarkMonitor Domain Management business.

Our Product Lines

SCIENCE GROUP (56.2% of revenues for the year ended December 31, 2019)

Our Science Group consists of our Web of Science and Life Science Product Lines. Both provide curated, high-value, structured information that is delivered and embedded into the workflows of our customers, which include research intensive corporations, life science organizations and universities worldwide.

Web of Science Product Line

Our Web of Science Product Line (“WOSPL”) provides products and services to organizations that plan, fund, implement and utilize research. We deliver search and discovery services to researchers with proprietary scientific data; we help researchers cite their research with workflow tools; we provide data and analytics to allow for global measures of research excellence and university rankings; we support governments and policy makers worldwide in assessment programs; and we inform a wide range of sector specific consultation and reporting activities to national and institutional research agencies across the G20 countries. We believe that the high quality and unique nature of WOSPL’s products and the informed approach of our professional service expertise have resulted in our information, services and workflow tools becoming embedded within the fabric of the research community. Key products include Web of Science, InCites, Journal Citation Reports, EndNote, ScholarOne, Converis, Publons and Kopernio.

Web of Science (“WOS”), our flagship product, holds a unique and pivotal role in the infrastructure of R&D and is frequently utilized as a reference standard in the academic, institutional and corporate sectors. It provides publication records and essential metadata from trusted published assets and is linked and indexed together via over one billion tracked citations from over 166 million index records going back to 1900 within the core Web of Science, and back to 1864 in Zoological Record. A key metric we provide is the “Journal Impact Factor” (“JIF”), which we believe is the most influential and best-known research metric of the last 50 years. Its primary value is as a journal-level metric to assess what journals are the most impactful, but universities and research funders use JIF to inform their evaluation of research excellence when assessing faculty and selecting funding grantees. Researchers also rely on the JIF to identify top-tier journals where they should publish their content.
Example Use Cases

- A physics professor planning a research program and making a grant proposal accesses WOS to evaluate the current state of research in her discipline, identify emerging trends within highly regarded and relevant scientific journals and select a research topic, while the grant-making institutions will use WOS’s analytic tools to measure the professor’s credentials.

- A university provost interested in evaluating her university’s chemistry department accesses WOS and our analytical tool InCites to measure the strength of the university’s research output and benchmark it against comparable institutions, find the best researchers to bolster the university’s ranking and improve the caliber of research and find highly cited researchers, departments and laboratories.

**Life Sciences Product Line**

Our Life Sciences Product Line (“LSPL”) provides products and services primarily to pharmaceutical and biotechnology companies. Our products are market leaders in regulatory intelligence and competitive intelligence, and our clinical trial offering is rapidly gaining share. We believe we provide a unique end-to-end proposition, which links to early research workflows, and believe there is an opportunity to stretch further into the approval and post-approval phases of drug development. Key products include Cortellis, Newport and Integrity.

Cortellis, our flagship LSPL product, is used by strategy, business development, drug development, medical affairs and clinical professionals at pharmaceutical and biotechnology companies to support research, market intelligence and competitive monitoring in connection with the development and commercialization of new drugs. Our customers use the database to access and evaluate scientific data, drug pipeline data, clinical trial information, drug monographs, pharmaceutical M&A data and regulatory information, all of which has been aggregated, curated and classified by our team of scientific experts who evaluate and select data for inclusion in the database from a wide array of sources. In addition, our team of experts creates high-value content from this data, such as analytics, abstracts, conference summaries and regulatory reports. As of December 31, 2019, our data included more than 73,000 drug program records and more than 340,000 clinical trial records.

**INTELLECTUAL PROPERTY GROUP (43.8% of revenues for the year ended December 31, 2019)**

Our Intellectual Property Group consists of our Derwent, CompuMark and MarkMonitor Product Lines. These Product Lines help manage customer’s end-to-end portfolio of intellectual property from patents to trademarks to corporate website domains.

- An analyst at a pharmaceutical firm who is evaluating several potential R&D programs will access the Cortellis database to assess competitive products in the drug development pipeline, review clinical trial data and summarize regulatory information.
**Derwent Product Line**

Our Derwent Product Line (“DPL”) enables customers to evaluate the novelty of potential new products, confirm freedom to operate with respect to their product design, help them secure patent protection, assess the competitive technology landscape and ensure that their products comply with required industry standards. We provide a range of analytics capabilities and data visualization tools to improve the efficiency and accuracy of IP-driven decisions. Key products include Derwent Innovation, Techstreet and IP Professional Services.

Derwent Innovation, our flagship DPL product, is used by R&D professionals and lawyers to monitor patent filings, search existing patents and analyze data to support R&D decision-making. It is a critical resource to help our customers secure patent protection and address litigation of patent infringement. The product is powered by Derwent World Patents Index, our proprietary database of over 80 million patent publications from 50 patent offices, which represented 98% of all patents published globally in 2018 and has been developed and curated for over 50 years. The database combines data science with our team of domain experts who correct, enrich and abstract over six million global patents per year in over 30 languages, as of December 31, 2019. We provide customers with easy-to-understand summaries of patent filings that are prepared by our domain experts, who index and translate the highly technical and intentionally obscure patent filings into understandable abstracts that provide insights into a patent’s novelty, use and advantage over prior patents.

**Example Use Case**

- An employee developing a new product or idea (e.g., a chemical engineer or a product designer) will access the Derwent Innovation database of patents to evaluate the novelty and determine the patentability of the new product or idea.

**CompuMark Product Line**

Our CompuMark Product Line (“CPL”) provides trademark research and protection services for businesses and law firms globally and relies on our leading trademark database. CompuMark’s offerings span the entire life cycle of a trademark, from determining availability of a proposed trademark to monitoring for infringement post registration. CPL provides global trademark research and protection to corporations and law firms globally. Over the last 30 years, the organization has curated content from more than 180 patent and trademark offices. Coupled with industry specific sources, including over 15 industrial design databases and 70 Pharma In-Use Databases as of December 31, 2019, CompuMark delivers the most comprehensive data set for trademark professionals available.

Key products include trademark screening, trademark searching and trademark watching. We do this by (i) providing customers with sophisticated self-service tools to narrow large lists of potential trademarks, which we refer to as “screening”; (ii) preparing detailed, custom reports post screening that uncover potential risks related to a proposed trademark, which we refer to as “clearance searching”; and (iii) monitoring trademark applications and other data sources on a recurring subscription revenues basis to alert clients to potential instances of infringement post registration, which we refer to as “watching.”

**Example Use Case**

- An attorney for a large law firm helps clear a trademark for use by its corporate customer as part of a new product launch. The attorney first conducts a “knock-out” search as part of a preliminary screening process using our trademark research tool and then later orders an analyst curated “Full Search” report by CompuMark to ensure the availability of the proposed trademark in the markets in which the customer will be operating. In this way, the attorney can clear both the word and image mark for use by his/her client. The lawyer will then subscribe to CompuMark's trademark watching services to continually ensure that none of their customers’ valuable trademarks are being infringed upon.
MarkMonitor Product Line

Our MarkMonitor Product Line ("MPL") helps global enterprises establish, manage, optimize and protect their online presence. MPL provides a suite of technology services for brand managers, IT managers, marketing teams, and legal counsel in corporations to register and manage portfolios of domain names critical for their business. This allows customers to achieve the right balance of being easily found online without overpaying for domains that generate little to no Internet user traffic. MPL also provides data and domain industry insights which help enterprises maximize the power of their portfolios, and mitigate cyber squatters’ attempts to register domains aimed to defraud consumers.

Example Use Case

• An in-house counsel uses MarkMonitor to ensure that important domain names are registered and protected from security threats such as domain hijacking, spam, and other forms of DNS abuse.

Customers

We serve a large, diverse and global customer base and, as of December 31, 2019, we served over 40,000 entities in more than 170 countries as well as the top 30 pharmaceutical companies by revenue and 50 global patent offices. Our customers either use our databases on an exclusive basis or on a dual-sourced basis.

No single customer accounted for more than 1% of revenues and our ten largest customers represented only 5%, 6%, and 7% of revenues for the years ended December 31, 2019, 2018, and 2017 respectively.

Competitive Environment

We believe the principal competitive factors in our business include the quality of content embedded in our databases and those of our competitors, customers’ perception of our products relative to the value that they deliver, user interface of the products and the quality and breadth of our overall offerings. We believe we compete favorably with respect to each of these factors.

We believe no single competitor currently offers the same scope of services and market coverage we provide, nor do we provide the same scope of services and market coverage as our competitors. The breadth of markets we serve exposes us to a broad range of competitors as described below.

Our primary competitors differ by product line and include the following companies and product offerings:

• *Abstracting and Indexing Database Market:* Elsevier (Scopus, SciVal), Digital Science (Dimensions) and ProQuest (RefWorks);

• *Patent Protection Market:* CPA Global (Innography and IP services), IHS Markit (Engineering Workbench, ecommerce store), LexisNexis (TotalPatent), Minesoft (PatBase), Questel (Orbit) and SAI Global (i2i, ecommerce store);

• *Life Sciences Regulatory and Competitive Intelligence Market:* Evaluate (Evaluate Pharma), Global Data (Global Data Pharmaceuticals), Informa (Pharma Intelligence, BioMedTracker, Pharmaprojects, Trialtrove, Sitetrove), IQVIA (Tarius) and Qiagen (Qiagen Services);
Sources of Data

The data supporting our products and services is sourced principally through two different types of arrangements. First, we source data generally at little or no cost from public sources, including federal, state and local governments. Second, we purchase data from third-party data aggregators under contracts that reflect prevailing market pricing for the data elements purchased.

Technology

Our information technology systems are fundamental to our success. They are used for the storage, processing, access and delivery of the data which forms the foundation of our business and the development and delivery of our solutions provided to our customers.

Much of the technology we use and provide to our customers is developed, maintained and supported by approximately 800 employees and approximately 570 contractors, as of December 31, 2019. We generally own or have secured ongoing rights to use for the purposes of our business all the customer-facing applications which are material to our operations.

We are continually transforming our content, products, services and company to better meet our customers’ needs. We also are focused on securing our customer data and global systems as we implement and enhance our security programs. We are migrating the infrastructure for several of our customer applications and content databases to a third-party service provider, which provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a “cloud” computing service.

Intellectual Property

As of December 31, 2019, we owned approximately 644 registered trademarks, 276 trademark applications, 2,846 domain names, 68 granted patents and 58 patent applications. We also own certain proprietary software. In addition, we are licensed to use certain third-party software, and obtain significant content and data through third-party licensing arrangements with content providers. We consider our trademarks, service marks, databases, software and other IP to be proprietary, and we rely on a combination of statutory (e.g., copyright, trademark, trade secret and patent), contractual and technical safeguards to protect our IP rights. We believe that the IP we own and license is sufficient to permit us to carry on our business as presently conducted.

Our agreements with our customers and business partners place certain restrictions on the use of our IP. As a general practice, employees, contractors and other parties with access to our proprietary information sign agreements that prohibit the unauthorized use or disclosure of our IP and confidential information.

• **Trademark Protection Market**: Corsearch (Contour, Corsearch Screening, search and watch services), TrademarkNow (NameCheck, LogoCheck, NameWatch) and Markify (ComprehensiveSearch, ProSearch and trademark and domain watch); and

• **Domain Management and Brand Protection Market**: Corporation Service Company (CSC) (domain name management, online brand protection, anti-counterfeiting services), Incopro (online brand protection, content protection intelligence, site blocking intelligence and advertising Monitoring), Yellow (anti-piracy, anti-counterfeiting and IP protection), Phish Labs (phishing incident response and brand protection), Friend MTS (anti-piracy and content management) and AppDetex (domain management and online brand protection) and Red Point Solutions (anti-piracy and brand protection).
New Product Development

We believe that innovation is essential to our success and is one of our primary bases of competition. We believe we are uniquely positioned to help shape how professionals find, evaluate, interact with, consume and act upon information. We are focused on developing capabilities to improve our products' user interfaces, analytical tools, searching algorithms and content curation processes. Our current focus includes building out a technology platform focused on search technologies, big data and analytics, machine learning, social computing and natural language technologies. This will enable more rapid product development as we shift our investment focus toward new products rather than maintenance of legacy technology.

We also add to our business line offerings through acquisitions. Since our separation from Thomson Reuters in 2016, we have completed five small add-on acquisitions to augment our existing portfolio of assets and provide additional datasets and services for our customers. Given the fragmented nature of the broader information services industry, we track and, where appropriate, have pursued opportunities across our Product Lines. These include Publons and Kopernio in WOSPL, SequenceBase in DPL and TrademarkVision and Darts-ip in CompuMark Product Line. Certain of these acquisitions are fully integrated into our platform, while others continue to be integrated, and we believe they have already provided additional value to our customers.

When we find it advantageous, we augment our proprietary data sources and systems by forming alliances with other leading information providers and technology companies and integrating their product offerings into our offerings. This approach gives our customers the opportunity to obtain the information they need from a single source and more easily integrate the information into their workflows.

Enforcement of Civil Liabilities

U.S. laws do not necessarily extend either to us or our officers or directors. We are incorporated under the laws of Jersey, Channel Islands. Some of our directors and officers reside outside of the United States. Substantially all of our assets and the assets of our directors and officers are located outside the United States. As a result, it may not be possible for investors to effect service of process on either us or our officers and directors within the United States, or to enforce against these persons or us, either inside or outside the United States, a judgment obtained in a U.S. court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any U.S. state.

We have appointed Vistra USA, LLC, as our agent to receive service of process with respect to any action brought against us in the United States under the federal securities laws of the United States or of the laws of any state of the United States.

A judgment of a U.S. court is not directly enforceable in Jersey, but constitutes a cause of action which may be enforced by Jersey courts provided that:

- the applicable U.S. courts had jurisdiction over the case, as recognized under Jersey law;
- the judgment is given on the merits and is final, conclusive and non-appealable;
- the judgment relates to the payment of a sum of money, not being taxes, fines or similar governmental penalties;
- the defendant is not immune under the principles of public international law;
- the same matters at issue in the case were not previously the subject of a judgment or disposition in a separate court;
- the judgment was not obtained by fraud; and
- the recognition and enforcement of the judgment is not contrary to public policy in Jersey.
Jersey courts award compensation for the loss or damage actually sustained by the plaintiff. Although punitive damages are generally unknown to the Jersey legal system, there is no prohibition on them either by statute or customary law. Whether a particular judgment may be deemed contrary to Jersey public policy depends on the facts of each case, though judgments found to be exorbitant, unconscionable, or excessive will generally be deemed as contrary to public policy. Moreover, certain defendants may qualify for protection under Protection of Trading Interests Act 1980, an act of the UK extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order, 1983. This Act provides that a qualifying defendant is not liable for multiple damages, in excess of that required for actual compensation. A “qualifying defendant” for these purposes is a citizen of the UK and its Colonies (as defined in the Act), a corporation or other limited liability entity organized under the laws of the UK, Jersey or other territory for whose international relations the UK is responsible or a person conducting business in Jersey.

Jersey courts cannot enter into the merits of the foreign judgment and cannot act as a court of appeal or review over the foreign courts. It is doubtful that an original action based on U.S. federal or state securities laws could be brought before Jersey courts. In addition, a plaintiff who is not resident in Jersey may be required to provide a security bond in advance to cover the potential of the expected costs of any case initiated in Jersey. In addition, Clarivate has been further advised by our legal counsel in Jersey that it is uncertain as to whether the courts of Jersey would entertain original actions or enforce judgments from U.S. courts against us or our officers and directors which originated from actions alleging civil liability under U.S. federal or state securities laws.

**Marketing, Sales and Customer Support**

We primarily sell our products and services directly to our customers, although some of our products and services are sold through partners. Focusing some of our sales and marketing efforts on digital sales and marketing has allowed us to broaden our range of customers and reduce sales and marketing costs. We have a dedicated global sales force, which, as of December 31, 2019, consisted of approximately 1,155 people.

We annually develop sales, distribution and marketing strategies on a product-by-product and service-by-service basis. We leverage customer data, business and market intelligence and competitive profiling to retain customers and cross-sell products and services, while also working to promote unified brand recognition across all our products and services.

Our sales teams participate in both service and sales activities. They provide direct support, interacting frequently with assigned customers to assure a positive experience using our products and services. Sales people primarily seek out new sales opportunities, including existing customer retention and upsell, and work with the various sales teams to coordinate sales activity and provide the best solutions for our customers. A portion of our sales people’s compensation is tied to revenues retention. We believe our sales people’s product knowledge and local presence differentiates us from our competition.

In addition, we employ product specialists who are subject-matter experts and work with sales people on specific opportunities for their assigned products. Both sales people and product specialists have responsibility for identifying new sales opportunities. A team approach and a common customer relationship management system allow for effective coordination between the two groups.

**Employees**

As of December 31, 2019, approximately 4,090 full-time and approximately 113 part-time employees support our business operations. The employee count excludes employees related to the MarkMonitor Brand Protection, Antipiracy and Antifraud Disposition. See “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting the Comparability of Our Results of Operations” for information related to the disposition. None of our employees in the United States are represented by unions; however, customary representation by unions and works councils applies for certain of our non-U.S. employees. We consider our relationship with our employees to be good and have not experienced interruptions to operations due to labor disagreements.
Seasonality

Our cash flows from operations are generated primarily from payments from our subscription customers and the standard term of a subscription is typically 12 months. When a customer enters into a new subscription agreement, or submits a notice to renew their subscription, we typically invoice for the full amount of the subscription period, record the balance to deferred revenues and ratably recognize the deferral throughout the subscription period. As a result, we experience cash flow seasonality throughout the year, with a heavier weighting of operating cash inflows occurring during the first half, and particularly first quarter, of the year, when most subscription invoices are sent, as compared to the second half of the year.

Regulatory Environment

Certain of our Product Lines provide authorized customers with products and services such as access to public records. Our Product Lines that provide such products and services are subject to applicable privacy and consumer information laws and regulations, including U.S. federal and state and European Union (the “EU”) and member state regulation. Our compliance obligations vary from regulator to regulator, and may include, among other things, strict data security programs, submissions of regulatory reports, providing consumers with certain notices and correcting inaccuracies in applicable reports. Many of these laws and regulations are complex and their application to us, our customers or the specific services and relationships we have with our customers are not always clear. Our failure to accurately anticipate the application of these laws and regulations, or any failure to comply, could create liability for us, result in adverse publicity and otherwise negatively affect our business. See “Item 1A. Risk Factors” for more information about the impact of government regulation on our company.

Item 1A. Risk Factors

We operate in highly competitive markets and may be adversely affected by this competition.

The markets for our products and services are highly competitive and are subject to rapid technological changes and evolving customer demands and needs. We compete on the basis of various factors, including the quality of content embedded in our databases and those of our competitors, customers’ perception of our products relative to the value that they deliver, user interface of the products and the quality of our overall offerings.

Many of our principal competitors are established companies that have substantial financial resources, recognized brands, technological expertise and market experience, and these competitors sometimes have more established positions in certain Product Lines and geographies than we do. We also compete with smaller and sometimes newer companies, some of which are specialized with a narrower focus than our company, and face competition from other Internet services companies and search providers.

Our competitors may be able to adopt new or emerging technologies or address customer requirements more quickly than we can. New and emerging technologies can also have the impact of allowing start-up companies to enter the market more quickly than they would have been able to in the past. We may also face increased competition from companies that could pose a threat to our business by providing more in-depth offerings, adapting their products and services to meet the demands of their customers or combining with one of their competitors to enhance their products and services. A number of our principal competitors may continue to make acquisitions as a means to improve the competitiveness of their offerings. In order to better serve the needs of our existing customers and to attract new customers, we must continue to:

• enhance and improve our existing products and services (such as by adding new content and functionalities);

• develop new products and services;
• invest in technology; and

• strategically acquire additional businesses and partner with other businesses in key sectors that will allow us to offer a broader array of products and services.

Our ability to compete successfully is also impacted by the growing availability of information from government information systems and other free sources, as well as competitors who aggressively market their products as a lower cost alternative. See “— Increased accessibility to free or relatively inexpensive information sources may reduce demand for our products and services.” Because some of our competitors are able to offer products and services that may be more cost effective than ours, including through the provision of price incentives for new customers, and because some of our competitors’ products and services may be seen as having greater functionality or performance than ours, the relative value of some of our products or services could be diminished. In addition, some of our competitors combine competing products with complementary products as packaged solutions, which could pre-empt use of our products or solutions. Competition from such free or lower cost sources may require us to reduce the price of some of our products and services (which may result in lower revenues) or make additional capital investments (which might result in lower profit margins). If we are unable or unwilling to reduce prices or make additional investments in the future, we may lose customers and our financial results may be adversely affected. In addition, implementation of annual price increases by us from time to time may also, in some cases, cause customers to use lower-cost competitors.

Certain of our distribution partners have licensing rights to portions of our content for use within their platforms. Over time they may become more directly competitive with us (subject to the terms of their agreements with us) if they were to advance their technology more efficiently and effectively than we do. Additionally, some of our customers may decide to develop independently certain products and services that they obtain from us, including through the formation of consortia. Educating our customers on the intricacies and uses of our products and services could, in certain cases, improve their ability to offer competing products and services as they look to expand their business models. If more of our customers become self-sufficient, demand for our products and services may be reduced. If we fail to compete effectively, our financial condition and results of operations would be adversely affected.

We may not be able to achieve the expected benefits of the DRG acquisition, including anticipated revenue and cost synergies, and costs associated with achieving synergies or integrating DRG may exceed our expectations.

We may not be able to achieve the expected benefits of the DRG acquisition, including anticipated revenue and cost synergies. There can be no assurance that the DRG acquisition will be beneficial to us. We may not succeed in cross-selling our other products and services to DRG’s customer base, or in cross-selling DRG’s products and services to our existing customer base. Moreover, we may not be able to integrate the assets acquired in the DRG acquisition or achieve our expected cost synergies without increases in costs or other difficulties. The integration process may be complex, costly and time-consuming. We expect to incur expenses in connection with the integration of DRG acquisition. While it is anticipated that certain expenses will be incurred to achieve operational synergies, such expenses are difficult to estimate accurately, and may exceed current estimates. Accordingly, the benefits from the DRG acquisition may be offset by costs incurred or delays in integrating the businesses. Any unexpected costs or delays incurred in connection with the integration of the DRG acquisition could have an adverse effect on our business, results of operations, financial condition and prospects, as well as the market price of our ordinary shares.

The overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, and diversion of management’s attention. In addition, even if the operations of our business and DRG’s business are integrated successfully, we may not realize the full benefits of the DRG acquisition, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Furthermore, additional unanticipated costs may be incurred in the integration of the businesses.
Our ability to make specified claims against the seller in the DRG acquisition generally expires over time and we may be left with no recourse for liabilities and other problems associated with the DRG acquisition that we do not discover prior to the expiration date related to such matters under our agreement to acquire DRG.

The market price of our ordinary shares may decline as a result of the DRG acquisition if, among other things, the integration of the entities to be acquired in the DRG acquisition is unsuccessful, if we fail to realize the anticipated cost or revenue synergies, or if the related liabilities, expenses or transaction costs are greater than expected. The market price of our ordinary shares may decline if we do not achieve the perceived benefits of the DRG acquisition as rapidly or to the extent anticipated by us or by securities market participants or if the effect of the DRG acquisition on our business, results of operations or financial condition or prospects is not consistent with our expectations or those of securities market participants. Furthermore, the DRG acquisition may subject us to new types of risks to which we were not previously exposed.

*If our products and services do not maintain and/or achieve broad market acceptance, or if we are unable to keep pace with or adapt to rapidly changing technology, evolving industry standards and changing regulatory requirements, our revenues could be adversely affected.*

Our business is characterized by rapidly changing technology, evolving industry standards and changing regulatory requirements. Our growth and success depend upon our ability to keep pace with such changes and developments and to meet changing customer needs and preferences. In order to enable our sales personnel to sell new products and services effectively, we must invest resources and incur additional costs in training programs on new products and services and key differentiators and business values.

The process of developing our products and services is complex and may become increasingly complex and expensive in the future due to the introduction of new platforms, operating systems and technologies. Our ability to keep pace with technology and business and regulatory changes is subject to a number of risks, including that we may find it difficult or costly to:

- update our products and services and develop new products and services quickly enough to meet our customers’ needs;
- make some features of our products work effectively and securely over the Internet or with new or changed operating systems;
- update our products and services to keep pace with business, evolving industry standards, regulatory requirements and other developments in the markets in which our customers operate; and
- integrate or further develop acquired products or technologies successfully or at all.

*The items reflected in the adjustments included in Standalone Adjusted EBITDA may not be achieved.*

We have made adjustments to net income (loss) to calculate Standalone Adjusted EBITDA. These adjustments reflect certain items related to our transition to a standalone operation since our 2016 separation from Thomson Reuters. For example, in calculating Standalone Adjusted EBITDA, we have added back, among other things, the annualization effect of cost savings implementation during the year and excess standalone costs, certain restructuring and integration costs, acquisition-related costs and other unusual and/or non-recurring items. We cannot provide assurance that our estimates and assumptions in calculating Standalone Adjusted EBITDA will prove to be accurate. For example, we believe that the standalone costs that we have incurred to date and expect to incur through 2020 are not reflective of the standalone costs that we expect that we will incur starting in 2021 and onwards (“steady state standalone costs”). As a result, we have made an adjustment when calculating Standalone Adjusted EBITDA to reflect the excess of current standalone costs to steady state standalone costs. If the actual annualized effect of cost savings we have implemented is less than our estimates, our cost savings initiatives adversely affect our operations or cost more or take longer to implement than we project, our steady state standalone costs are higher than our estimates, and/or if our assumptions prove to be inaccurate, our Standalone Adjusted EBITDA will be lower than we anticipate.
We may be unable to achieve some or all of the operational cost improvements and other benefits that we expect to realize.

We may not be able to realize all of the cost savings we expect to achieve. We believe that we will be able to achieve additional annual cost savings as a result of other initiatives, particularly by pursuing a number of operational cost improvements identified during diligence, increased overall focus on cost control as a stand-alone company and certain ongoing restructuring initiatives we plan to undertake. We cannot assure you that we will be able to successfully realize the expected benefits of these initiatives. A variety of risks could cause us not to realize some or all of the expected benefits. These risks include, among others, higher than expected standalone overhead expenses, delays in the anticipated timing of activities related to such initiatives, increased difficulty and cost in establishing ourselves as an independent company, lack of sustainability in cost savings over time, unexpected costs associated with operating our business, inability to eliminate duplicative back office overhead or redundant selling and general and administrative functions and inability to avoid labor disruptions in connection with any integration of the foregoing, particularly in connection with any headcount reductions. Our ability to successfully manage organizational changes is important for our future business success. In particular, our reputation and results of operations could be harmed if employee morale, engagement or productivity decline as a result of organizational or other changes.

Moreover, our implementation of these initiatives may disrupt our operations and performance, and our estimated cost savings from these initiatives are based on several assumptions that may prove to be inaccurate and, as a result, we cannot assure you that we will realize these cost savings. If, for any reason, the benefits we realize are less than our estimates, or our improvement initiatives adversely affect our operations or cost more or take longer to implement than we project, or if our assumptions prove inaccurate, our results of operations may be materially adversely affected.

We are dependent on third parties, including public sources, for data, information and other services, and our relationships with such third parties may not be successful or may change, which could adversely affect our results of operations.

Substantially all of our products and services are developed using data, information or services obtained from third-party providers and public sources, or are made available to our customers or are integrated for our customers’ use through information and technology solutions provided by third-party service providers.

We have commercial relationships with third-party providers whose capabilities complement our own and, in some cases, these providers are also our competitors. The priorities and objectives of these providers, particularly those that are our competitors, may differ from ours, which may make us vulnerable to unpredictable price increases and unfavorable licensing terms. Agreements with such third-party providers periodically come up for renewal or renegotiation, and there is a risk that such negotiations may result in different rights and restrictions which could impact our customers’ use of the content. Moreover, providers that are not currently our competitors may become competitors or be acquired by or merge with a competitor in the future, any of which could reduce our access to the information and technology solutions provided by those companies. If we were to expand our product and service offerings, whether through organic growth or acquisitions, we may launch products and services that compete with providers that are not currently our competitors, which could negatively impact our existing relationships. If we do not maintain, or obtain the expected benefits from, our relationships with third-party providers or if a substantial number of our third-party providers or any key service providers were to withdraw their services, we may be less competitive, our ability to offer products and services to our customers may be negatively affected, and our results of operations could be adversely impacted.

We also depend on public sources in the development of our products and services. These public sources are usually free to access or are available at minimal cost, and do not compete directly with our products and services. If such public sources were to begin competing with us directly, or were to increase the cost to access their data, prohibit us from collecting and synthesizing the data they provide or cease existing altogether, our results of operations could be adversely impacted.
Increased accessibility to free or relatively inexpensive information sources may reduce demand for our products and services.

In recent years, more public sources of free or relatively inexpensive information have become available, particularly through the Internet, and this trend is expected to continue. For example:

- some governmental and regulatory agencies have increased the amount of information they make publicly available at no cost;
- several companies and organizations have made certain information publicly available at little or no cost; and
- “open source” software that is available for free may also provide some functionality similar to that in some of our products.

Public sources of free or relatively inexpensive information may reduce demand for our products and services. Demand could also be reduced as a result of cost-cutting, reduced spending or reduced activity by customers. Our results of operations would be adversely affected if our customers choose to use these public sources as a substitute for our products or services.

We generate a significant percentage of our revenues from recurring subscription-based arrangements, and if we are unable to maintain a high annual revenue renewal rate, our results of operations could be adversely affected.

For the year ended December 31, 2019, approximately 82.6% of our revenues were subscription-based. In order to maintain existing revenues and to generate higher revenues, we are dependent on a significant number of our customers renewing their arrangements with us. Although many of these arrangements have automatic renewal provisions, with appropriate notice these arrangements are cancellable and our customers have no obligation to renew their subscriptions after the expiration of their initial subscription period. As a result, our past annual revenue renewal rates may not be indicative of our future annual revenue renewal rates, and our annual revenue renewal rates may decline or fluctuate in the future as a result of a number of factors, including customer satisfaction with our products and services, our prices and the prices offered by competitors, reductions in customer spending levels and general economic conditions. Our revenues could also decline if a significant number of our customers renewed their arrangements with us, but reduced the amount of their spending.

In addition, because most of the revenues we report in each quarter are the result of subscription agreements entered into or renewed in previous quarters, a decline in subscriptions in any one quarter may not affect our results in that quarter, but could reduce revenues in future quarters. We may not be able to adjust our cost structure in response to sustained or significant downturns in revenues. Moreover, renewal dates for our subscription agreements are typically concentrated in the first quarter. Adverse events impacting us or our customers occurring in the first quarter may result in us failing to secure subscription agreement renewals, which would have a disproportionately adverse effect on our financial condition and results of operations in future periods.

Failure to protect the reputation of our brands may adversely impact our credibility as a trusted source of content and may have a negative impact on our business. In addition, in certain jurisdictions we engage sales agents in connection with the sale of certain of our products and services. It is difficult to monitor whether such agents’ representation of our products and services is accurate. Poor representation of our products and services by agents, or entities acting without our permission, could have an adverse effect on our reputation and our business.

Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of our products or services, unauthorized disclosure of data or our customers losing confidence in our security measures, which could adversely impact our business.

Our reputation and ability to attract, retain and serve our customers is dependent upon the reliable performance and security of our computer systems and those of third parties that we utilize in our operations. These systems may be subject to damage or interruption from natural disasters, terrorist attacks, power loss, telecommunications failures and cybersecurity risks.

Our computer systems and those of third parties we use in our operations are vulnerable to cybersecurity risks, including cyber-attacks, both from state-sponsored entities and individual activity, such as computer viruses, denial of service attacks, physical or electronic break-ins and similar disruptions. We have implemented certain systems and processes to thwart hackers and protect our data and systems; however, these systems and processes may not be effective and may have the unintentional effect of reducing the functionality of our operations. Any significant disruption to our operations or access to our systems could result in a loss of customers and adversely affect our business and results of operations.
Our ability to effectively use the Internet may also be impaired due to system or infrastructure failures, service outages at third-party Internet providers or increased government regulation, and such impairment may result in shortage of capacity and increased costs associated with such usage. These events may affect our ability to store, process and transmit data and services to our customers.

We collect, store and use public records, IP and sensitive data. In addition, our internal systems contain confidential information, our proprietary business information and personally identifiable information of our employees and customers. A number of our customers and suppliers also entrust us with storing and securing their own confidential data and information. Similar to other global multinational companies that provide services online, we experience cyber-threats, cyber-attacks and other attempts to breach the security of our systems, which can include unauthorized attempts to access, disable, improperly modify or degrade our information, systems and networks, the introduction of computer viruses and other malicious codes and fraudulent “phishing” e-mails that seek to misappropriate data and information or install malware onto users’ computers. Cyber-threats in particular vary in technique and sources, are persistent, frequently change and increasingly are more sophisticated, targeted and difficult to detect and prevent. In particular, our MarkMonitor brand of products, which are used to detect and protect against domain name infringements, have been, and will continue to be, the target of cyber-attacks due to the nature of the offering they provide.

Under the transition services agreement with Thomson Reuters, we relied on dedicated Thomson Reuters personnel who were responsible for maintaining appropriate levels of cyber-security for products and services hosted in Thomson Reuters data centers. In order to comply with Thomson Reuters’ system access requirements and procedures, only Thomson Reuters’ information security personnel could provide support for products and services hosted in Thomson Reuters data centers. We have gradually transitioned away from this arrangement and hired our own information security personnel. These information security personnel are still relatively new to us and may not be able to provide the same level of support that Thomson Reuters personnel previously provided. We also utilize third-party technology, products and services to help identify, protect and remediate our information technology systems and infrastructure against security breaches and cyber-incidents. However, our measures may not be adequate or effective to prevent, identify or mitigate attacks or breaches caused by employee error, malfeasance or other disruptions. In addition, we rely on a system of internal processes and software controls, along with policies, procedures and training to protect the confidentiality of customer data. If we fail to maintain the adequacy of our internal controls, if an employee, consultant or third-party provider purposely circumvents or violates our internal controls, policies or procedures or if we fail to adequately address the requirements of our customers’ internal controls, policies or procedures, as a result of contractual requirements or otherwise, then unauthorized access to, or disclosure or misappropriation of, customer data could occur.

Any fraudulent, malicious or accidental breach of data security could result in unintentional disclosure of, or unauthorized access to, customer, vendor, employee or other confidential or sensitive data or information, which could potentially result in additional costs to our company to enhance security or to respond to occurrences, lost sales, violations of privacy or other laws, notifications to individuals, penalties or litigation. While we maintain what we believe is sufficient insurance coverage that may (subject to certain policy terms and conditions including self-insured deductibles) cover certain aspects of security and cyber-risks and business interruption, our insurance coverage may not cover all costs or losses. Additionally, any fraudulent, malicious or accidental breach of data security could result in our disclosing valuable trade secrets, know-how or other confidential information. Media or other reports of perceived security vulnerabilities to our systems or those of our third-party suppliers, even if no breach has been attempted or occurred, could also adversely impact our brand and reputation and cause customers to lose confidence in our security measures and reliability, which would harm our ability to retain customers and gain new ones, and materially impact our business and results of operations.
We rely upon a third party cloud computing service to support our operations, and any disruption of or interference with our use of such service or material change to our arrangement with this provider could adversely affect our business.

We currently host the vast majority of our computing on a distributed computing infrastructure platform for business operations, or what is commonly referred to as a “cloud” computing service, and have completed the migration of our product and services platform from Thomson Reuters to a third party cloud computing service.

We do not have control over the operations of the facilities of the third party cloud computing service that we use. These facilities are vulnerable to damage or interruption from natural disasters, cyber security attacks, including ransomware attacks, terrorist attacks, power losses, telecommunications failures, or other unanticipated problems which could result in lengthy interruptions to our operations. In the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These facilities could also be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism, and other misconduct. Our uninterrupted use of this third party cloud computing service is critical to our success. This, coupled with the fact that we cannot easily switch our cloud computing operations to another cloud provider, means that any disruption of or interference with our use of our current third party cloud computing service could disrupt our operations and our business would be adversely impacted.

Our third party cloud computing service provider provides us with their standard computing and storage capacity, service level agreements, and related support in exchange for timely payment by us under the terms of our agreement, which continues until terminated by either party. Such provider may terminate the agreement without cause by providing 90 days’ prior written notice, and may terminate the agreement with 30 days’ prior written notice for cause, including any material default or breach of the agreement by us that we do not cure within the 30-day period. If any of our arrangements with our third party cloud computing service provider are terminated, we could experience interruptions in our products and services, as well as delays and additional expenses in arranging new facilities and services.

Our third party cloud computing service provider does not have an obligation to renew its agreements with us on commercially reasonable terms, or at all. If we are unable to renew our agreements on commercially reasonable terms, our agreements are prematurely terminated, or we add additional infrastructure providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new data center providers. If these providers increase the cost of their services, we may have to increase fees to our customers, and our operating results may be adversely impacted.

**We may be unable to derive fully the anticipated benefits from organic growth, existing or future acquisitions, joint ventures, investments or dispositions.**

We seek to achieve our growth objectives by (i) optimizing our offerings to meet the needs of our customers through organic development, including by delivering integrated workflow platforms, cross-selling our products across our existing customer base, acquiring new customers and implementing operational efficiency initiatives, (ii) through acquisitions, joint ventures, investments and dispositions and (iii) through implementing our transformational strategy in connection with our merger with Churchill Capital Corp in 2019. If we are unable to successfully execute on our strategies to achieve our growth objectives or drive operational efficiencies, or if we experience higher than expected operating costs that cannot be adjusted accordingly, our growth rates and profitability could be adversely affected.

Acquisitions have not historically been a significant part of our growth strategy; however, going forward, we expect to evaluate and, where appropriate, opportunistically undertake acquisitions. To the extent that we seek to grow our business through acquisitions, we may not be able to successfully identify attractive acquisition opportunities or make acquisitions on terms that are satisfactory to our company from a commercial perspective. In addition, competition for acquisitions in the markets in which we operate during recent years has increased, and may increase costs of acquisitions or cause us to refrain from making certain acquisitions. We may also be subject to increasing regulatory scrutiny from competition and antitrust authorities in connection with acquisitions. Achieving the expected returns and synergies from existing and future acquisitions will depend in part upon our ability to integrate the products and services, technology, administrative functions and personnel of these businesses into our Product Lines in an efficient and effective manner. We cannot assure you that we will be able to do so, or that our acquired businesses will perform at anticipated levels or that we will be able to obtain these synergies. Management resources may also be diverted from operating our existing businesses to certain acquisition integration challenges. If we are unable to successfully integrate acquired businesses, our anticipated revenues and profits may be lower. Our profit margins may also be lower, or diluted, following the acquisition of companies whose profit margins are less than those of our existing businesses.
In addition, we may incur earn-out and contingent consideration payments in connection with future acquisitions, which could result in a higher than expected impact on our future earnings. We may also finance future transactions through debt financing, including significant draws on our revolving credit facility or use of any incremental capacity under our term loan facility, the issuance of our ordinary shares, the use of existing cash, or any combination of the foregoing. Acquisitions financed with debt could require us to dedicate a substantial portion of our cash flows to principal and interest payments and could subject us to restrictive covenants. Future acquisitions financed with our own cash could further deplete the cash and working capital available to fund our operations adequately. Difficulty borrowing funds, selling securities or generating sufficient cash from operations to finance our activities may have a material adverse effect on our results of operations.

We may also decide from time to time to dispose of assets or Product Lines that are no longer aligned with strategic objectives and we deem to be non-core. Once a decision to divest has been made, there can be no assurance that a transaction will occur, or if a transaction does occur, there can be no assurance as to the potential value created by the transaction. The process of exploring strategic alternatives or selling a business could negatively impact customer decision-making and cause uncertainty and negatively impact our ability to attract, retain and motivate key employees. In addition, we expend costs and management resources to complete divestitures. Any failures or delays in completing divestitures could have an adverse effect on our financial results and on our ability to execute our strategy.

The international scope of our operations may expose us to increased risk, and our international operations and corporate and financing structure may expose us to potentially adverse tax consequences.

We have international operations and, accordingly, our business is subject to risks resulting from differing legal and regulatory requirements, political, social and economic conditions and unforeseeable developments in a variety of jurisdictions. Our international operations are subject to the following risks, among others:

- political instability;
- international hostilities, military actions, terrorist or cyber-terrorist activities, natural disasters, pandemics, and infrastructure disruptions;
- differing economic cycles and adverse economic conditions;
- unexpected changes in regulatory environments and government interference in the economy;
- changes to economic sanctions laws and regulations, including regulatory exemptions that currently authorize certain of our limited dealings involving sanctioned countries;
- varying tax regimes, including with respect to the imposition of withholding taxes on remittances and other payments by our partnerships or subsidiaries;
- differing labor regulations, particularly in India where we have a significant number of employees;
- foreign exchange controls and restrictions on repatriation of funds;
- fluctuations in currency exchange rates;
- inability to collect payments or seek recourse under or comply with ambiguous or vague commercial or other laws;
- insufficient protection against product piracy and differing protections for IP rights;
- varying attitudes towards censorship and the treatment of information service providers by foreign governments, in particular in emerging markets;
- difficulties in attracting and retaining qualified management and employees, or rationalizing our workforce;
- differing business practices, which may require us to enter into agreements that include non-standard terms; and
- difficulties in penetrating new markets due to entrenched competitors, lack of recognition of our brands or lack of local acceptance of our products and services.
Our overall success as a global business depends, in part, on our ability to anticipate and effectively manage these risks, and there can be no assurance that we will be able to do so without incurring unexpected costs. If we are not able to manage the risks related to our international operations, our business, financial condition and results of operations may be materially affected.

We have expanded our presence in a number of major regions, including China, and any future actions or escalations by either the United States or China that affect trade relations may cause global economic turmoil and potentially have a negative impact on our business. In particular, we may have access to fewer business opportunities and our operations in that region may be negatively impacted.

As a result of the international scope of our operations and our corporate and financing structure, we are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions. We are also subject to intercompany pricing laws, including those relating to the flow of funds between our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, changes in or the interpretations of the tax laws or tax treaties of the countries in which we operate may severely and adversely affect our ability to efficiently realize income or capital gains or mitigate withholding taxes and may subject us to tax and return filing obligations in such countries. Such changes may increase our tax burden and/or may cause us to incur additional costs and expenses in compliance with such changes. In addition, the tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions, the imposition of withholding taxes, the reallocation of income or other consequences that could have a material adverse effect on our business, financial condition and results of operations. Furthermore, changes in or the interpretations of the tax laws or tax treaties of the countries in which we operate may severely and adversely affect our ability to efficiently realize income or capital gains or mitigate withholding taxes and may subject us to tax and return filing obligations in such countries. Such changes may increase our tax burden and/or may cause us to incur additional costs and expenses in compliance with such changes. In addition, the tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions, the imposition of withholding taxes, the reallocation of income or other consequences that could have a material adverse effect on our business, financial condition and results of operations.

In addition, the U.S. Congress, the UK Government, the Organization for Economic Co-operation and Development (the “OECD”), and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. Also, within the EU, the European Council Directive 2016/1164 (Anti-Tax Avoidance Directive (“ATAD”)) and Directive 2017/952 (“ATAD II”) required EU member states to transpose certain measures affecting multinational corporations into national legislation by December 31, 2019. Further, the introduction of a digital services tax, which at the date hereof has not yet been formally implemented in these jurisdictions, may increase our tax burden which and could adversely affect our business, financial condition and results of operations.

Our international operations require us to comply with various trade restrictions, such as sanctions and export controls.

We are subject to various trade restrictions, including trade and economic sanctions and export controls (collectively, “Trade Controls”), imposed by governments around the world with jurisdiction over our operations. Such Trade Controls prohibit or restrict transactions involving certain persons and certain designated countries or territories, including Cuba, Iran, Syria, North Korea and the Crimea Region of Ukraine. Our failure to successfully comply with applicable Trade Controls may expose us to legal, business or reputational harm, possibly including criminal fines, imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts and other measures. Investigations of alleged violations can be expensive and disruptive.

As part of our business, we engage in limited sales and transactions involving certain countries that are targets of Trade Controls. We believe that such sales and transactions are authorized by applicable regulatory exemptions. Under the informational materials exemption to the U.S. economic sanction programs, we are permitted to make certain sales to Iran, Cuba and Syria.

We endeavor to conduct our activities in compliance with applicable Trade Controls and maintain policies and procedures reasonably designed to promote compliance. However, we cannot guarantee that our policies and procedures will be effective in preventing violations, which could adversely affect our business, reputation, financial condition and results of operations. Further, we cannot predict the nature, scope or effect of future regulatory requirements, including changes that may affect existing regulatory exceptions, and we cannot predict the manner in which existing laws and regulations might be administered or interpreted.
Doing business on a worldwide basis requires us to comply with anti-corruption laws and regulations imposed by governments around the world with jurisdiction over our operations, which may include the U.S. Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act 2010 ("UK Bribery Act"), as well as the laws of the countries where we do business. These laws and regulations may restrict our operations, trade practices, investment decisions and partnering activities. The FCPA, the UK Bribery Act and other applicable laws prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to "foreign officials" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The UK Bribery Act also prohibits non-governmental "commercial" bribery and accepting bribes. As part of our business, we deal with governments and state-owned business enterprises, the employees and representatives of which may be considered "foreign officials" for purposes of the FCPA and the UK Bribery Act. We are also subject to the jurisdiction of various governments and regulatory agencies around the world, which may bring our personnel and representatives into contact with "foreign officials" responsible for issuing or renewing permits, licenses or approvals or for enforcing other governmental regulations.

In addition, some of the international locations in which we operate lack a developed legal system and have elevated levels of corruption. Our international operations expose us to the risk of violating, or being accused of violating, anti-corruption laws and regulations. Our failure to successfully comply with these laws and regulations may expose us to reputational harm, as well as significant sanctions, including criminal fines, imprisonment, civil penalties, disgorgement of profits, injunctions and debarment from government contracts, as well as other remedial measures. Investigations of alleged violations can be expensive and disruptive. We maintain policies and procedures designed to comply with applicable anti-corruption laws and regulations. However, there can be no guarantee that our policies and procedures will effectively prevent violations by our employees or business partners acting on our behalf, including agents, for which we may be held responsible, and any such violation could adversely affect our reputation, business, financial condition and results of operations.

**Brexit may have a negative effect on global economic conditions, financial markets and our business.**

We have material business operations in Europe, and our headquarters is in the United Kingdom which is currently undergoing the process of “Brexit”, or withdrawal from the European Union. Although we generated only approximately 4.4% of our revenues in the United Kingdom for the year ended December 31, 2019, Brexit-related developments and the potential consequences of them, have had and may continue to have a material adverse effect upon global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings have been and may continue to be subject to increased market volatility. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union laws to replace or replicate, including financial laws and regulations, tax and free trade agreements, tax and customs laws, intellectual property rights, environmental, health and safety laws and regulations, immigration laws, employment laws and transport laws could increase costs, depress economic activity, restrict our access to capital, impair our ability to attract and retain qualified personnel and have other adverse consequences. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms, barrier-free access between the United Kingdom and other European Union member states or among the European economic area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our ordinary shares.

**If governments or their agencies reduce their demand for our products or services or discontinue or curtail their funding, our business may suffer. Moreover, if we fail to comply with government contracting regulations, we could suffer a loss of revenues or incur price adjustments or other penalties.**

The principal customers for certain of the products and services offered by our Web of Science Product Line are universities and government agencies, which fund purchases of these products and services from limited budgets that are sensitive to changes in private and governmental sources of funding. Recession, economic uncertainty or austerity have contributed, and may in the future contribute, to reductions in spending by such sources. Accordingly, any further decreases in budgets of universities or government agencies, which have remained under pressure, or changes in the spending patterns of private or governmental sources that fund academic institutions, are likely to adversely affect our results of operations.
In addition, we are subject to government procurement and contracting regulations, including the Federal Acquisition Regulation (the “FAR”). The FAR governs U.S. government contract pricing, including the establishment of fixed prices and labor categories/fixed hourly rates for the performance of certain of our U.S. government contracts. Under the FAR, certain contract pricing may be subject to change. Additionally, under the FAR, the U.S. government is entitled, after final payment on certain negotiated contracts, to examine our cost records with respect to such contracts and to seek a downward adjustment to the price of the contract if it determines that we failed to furnish complete, accurate and current cost or pricing data in connection with the negotiation of the price of the contract.

In connection with our U.S. government contracts, we are also subject to government inquiries, audits and review of our performance under contracts, our related cost structure and compliance with applicable laws, regulations and standards. The U.S. government contracting entity may also review the adequacy of and our compliance with our internal policies, procedures and internal controls. The U.S. government contracting party may modify, curtail or terminate its contracts and subcontracts with us, without prior notice and either at its convenience or for default based on performance. In addition, funding pursuant to our U.S. government contracts may be reduced or withheld as part of the U.S. Congressional appropriations process due to fiscal constraints, changing U.S. priorities or due to other reasons. Further, as a U.S. government contractor, we are subject to U.S. government inquiries, investigations, legal actions and liabilities that would not apply to a non-U.S. government contractor. In certain circumstances, if we do not comply with the terms of a contract or with regulations or statutes, our U.S. government contracts could be terminated, we could be subject to downward contract price adjustments or refund obligations, we could be assessed civil or criminal penalties (including under the False Claims Act) or we could be debarred or suspended from obtaining future contracts with the U.S. government for a specified period of time. In addition, funding pursuant to our U.S. government contracts may be reduced or withheld as part of the U.S. Congressional appropriations process due to fiscal constraints, changing U.S. priorities or due to other reasons. Further, as a U.S. government contractor, we are subject to U.S. government inquiries, investigations, legal actions and liabilities that would not apply to a non-U.S. government contractor. In certain circumstances, if we do not comply with the terms of a contract or with regulations or statutes, our U.S. government contracts could be terminated, we could be subject to downward contract price adjustments or refund obligations, we could be assessed civil or criminal penalties (including under the False Claims Act) or we could be debarred or suspended from obtaining future contracts with the U.S. government for a specified period of time. Any such termination, adjustment, sanction, debarment or suspension could have an adverse effect on our business. We also could suffer reputational harm if allegations of impropriety were made against us, even if such allegations are later determined to be false.

Our collection, storage and use of personal data are subject to applicable data protection and privacy laws, and any failure to comply with such laws may harm our reputation and business or expose us to fines and other enforcement action.

In the ordinary course of business, we collect, store, use and transmit certain types of information that are subject to different laws and regulations. In particular, data security and data protection laws and regulations that we are subject to often vary significantly by jurisdiction.

For example, the new EU-wide General Data Protection Regulation (“GDPR”) became applicable on May 25, 2018, replacing the data protection laws of each EU member state. The GDPR implemented more stringent operational requirements for processors and controllers of personal data, including, for example, expanded disclosures about what and how personal information is to be used, limitations on retention of information, increased requirements to erase an individual’s information upon request, mandatory data breach notification requirements and higher standards for data controllers to demonstrate that they have obtained valid consent from individuals to process their personal data (or reliance on another appropriate legal basis) for certain data processing activities. It also significantly increased penalties for noncompliance, including where we act as a data processor. Although we have executed intracompany “Standard Contractual Clauses” in compliance with the GDPR, which allow for the transfer of personal data from the EU to other jurisdictions (including the United States), data security and data protection laws and regulations are continuously evolving. There are currently a number of legal challenges to the validity of EU mechanisms for adequate data transfers (such as the Privacy Shield Framework and the Standard Contractual Clauses), and our work could be impacted by changes in law as a result of a future review of these transfer mechanisms by European regulators under the GDPR, as well as current challenges to these mechanisms in the European courts. Brexit may also mean that we are required to take additional steps to ensure that data flows from EU member states to the United Kingdom are not disrupted and remain permissible after the exit date.
In recent years, U.S. and European lawmakers and regulators have expressed concern over electronic marketing and the use of third-party cookies, web beacons and similar technology for online behavioral advertising. In the EU, marketing is defined broadly to include any promotional material and the rules specifically on e-marketing are currently set out in the ePrivacy Directive which will be replaced by a new ePrivacy Regulation. While no official time frame has been given for the ePrivacy Regulation, there will be a transition period after the ePrivacy Regulation is agreed for compliance, and commentators consider it unlikely to come into force before 2021. We are likely to be required to expend further capital and other resources to ensure compliance with these changing laws and regulations.

The ePrivacy Regulation will be directly implemented into the laws of each of the EU Member States, without the need for further enactment. When implemented, the ePrivacy Regulation is expected to alter rules on third-party cookies, web beacons and similar technology for online behavioral advertising and to impose stricter requirements on companies using these tools. Regulation of cookies and web beacons may lead to broader restrictions on our online activities, including efforts to understand followers’ Internet usage and promote ourselves to them. The current draft of the ePrivacy Regulation significantly increases fining powers to the same levels as the GDPR. Given the delay in finalizing the ePrivacy Regulation, certain EU regulators have issued guidance (including UK and French data protection regulators) on the requirement to seek strict opt-in, unbundled consent to use all nonessential cookies. We will need to make changes to our cookies notice to meet these requirements but we do not anticipate that the new regulation will significantly adversely affect us.

In addition, California has enacted the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020. The CCPA requires new disclosures to California consumers, imposes new rules for collecting or using information, requires companies to comply with data subject access and deletion requests, and affords California consumers new abilities to opt out of certain disclosures of personal information. It remains unclear what, if any, regulations will be implemented pursuant to the law or how it will be interpreted. However, as passed, the effects of the CCPA potentially are significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply.

Although we have implemented policies and procedures that are designed to ensure compliance with applicable laws, rules and regulations, if our privacy or data security measures fail to comply with applicable current or future laws and regulations, we may be subject to fines, litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data or our marketing practices or other liabilities such as compensation claims by individuals affected by a personal data breach, as well as negative publicity and a potential loss of business. Fines are significant in some countries (e.g., the GDPR introduced fines of up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year (whichever is higher)) as well as litigation, compensation claims by affected individuals (including class action type litigation where individuals suffer harm), regulatory investigations and enforcement notices requiring us to change the way we use personal data.

**Actions by governments that restrict access to our platform in their countries could substantially harm our business and financial results.**

Governments of one or more countries in which we operate from time to time seek to censor the Internet, restrict access to selected foreign websites from their country, or otherwise impose restrictions if they consider such information or the provision thereof is in violation of their laws or regulations. Governmental authorities in other countries may seek to restrict user access to our products if they consider us to be in violation of their laws or for other reasons. In the event that the information and analytics provided on our platform is subject to censorship, or any governmental authorities restrict access to our products, or our competitors are able to successfully penetrate new geographic markets or capture a greater share of existing geographic markets that we cannot access or where we face restrictions, our ability to maintain or expand our geographical markets may be adversely affected, and our business operations and financial results could be adversely affected.
We may face IP infringement claims that could be costly to defend and result in our loss of significant rights.

From time to time, we may receive notices from third parties claiming infringement by our products and services of third-party patent and other IP rights. As the number of products and services in our markets increases and the functionality of these products and services further overlaps with third-party products and services, we may become increasingly subject to claims by a third party that our products and services infringe on such party’s IP rights. In addition, there is a growing occurrence of patent suits being brought by non-practicing organizations that use patents to generate revenues without manufacturing, promoting or marketing products or investing in R&D in bringing products to markets. These organizations continue to be active and target whole industries as defendants. We may not prevail in any such suit given the complex technical issues and inherent uncertainties in IP litigation. If an infringement suit against us is successful, we may be required to compensate the third party bringing the suit either by paying a lump sum or ongoing license fees to be able to continue selling a particular product or service. This type of compensation could be significant. We might also be prevented or enjoined by a court from continuing to provide the affected product or service and may be forced to significantly increase our development efforts and resources to redesign such product or service. We may also be required to defend or indemnify any customers, partners or agents who have been sued for allegedly infringing a third party’s patent in connection with using one of our products or services. Responding to IP claims, regardless of the validity, can be time-consuming for our personnel and management, result in costly litigation, cause product shipment delays, cause unavailability of our products or services delivered electronically and harm our reputation, any of which could adversely affect our results of operations.

We operate in a litigious environment which may adversely affect our financial results.

We may become involved in legal actions and claims arising in the ordinary course of business, including litigation regarding employment matters, breach of contract and other commercial matters. Due to the inherent uncertainty in the litigation process, the resolution of any particular legal proceeding could result in changes to our products and business practices and could have a material adverse effect on our financial position and results of operations.

We may need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets.

We have substantial balances of goodwill and identified intangible assets. We are required to test goodwill and any other intangible assets with an indefinite life for possible impairment on an annual basis, or more frequently when circumstances indicate that impairment may have occurred. We are also required to evaluate amortizable intangible assets and fixed assets for impairment if there are indicators of a possible impairment.

Based on the results of the annual impairment test as of October 1, 2019, the fair values of our reporting units exceeded the individual reporting unit’s carrying value, and goodwill was not impaired. We did not identify any impairment triggers as of December 31, 2019, except for the sale of the Brand Protection, AntiPiracy, and AntiFraud solutions of the MarkMonitor Product Line. For information on the MarkMonitor Product Line sale, see “Item 8. – Financial Statements and Supplementary Data – Notes to the Consolidated Financial Statements – Note 5.”

There is significant judgment required in the analysis of a potential impairment of goodwill, identified intangible assets and fixed assets. If, as a result of a general economic slowdown, deterioration in one or more of the markets in which we operate or impairment in our financial performance and/or future outlook, the estimated fair value of our long-lived assets decreases, we may determine that one or more of our long-lived assets is impaired. An impairment charge would be recorded if the estimated fair value of the assets is lower than the carrying value and any such impairment charge could have a material adverse effect on our results of operations and financial position.
If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In particular, Section 404 of the Sarbanes-Oxley Act ("Section 404") will require us to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. We will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with the annual report that we file for the fiscal year ended December 31, 2020. Pursuant to Section 404, once we are no longer an "emerging growth company," we will also be required to include with such annual report an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. At such time, our independent registered public accounting firm may issue a report that is adverse in the event, in their opinion, the Company has not maintained, in all material respects, effective internal control over financial reporting based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business, results of operations and financial condition and could cause a decline in the trading price of our ordinary shares.

We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to develop, maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related and audit-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of Clarivate shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE.

We have and will continue to have high levels of indebtedness and our relatively large fixed costs magnify the impact of revenues fluctuations on our operating results.

We had approximately $1,665,000 of indebtedness as of December 31, 2019, primarily consisting of $900,000 outstanding under our term loan facility, $700,000 outstanding under our secured notes due 2026, and $65,000 outstanding under our $250,000 revolving credit facility. These notes and credit facilities were originally entered into in October 2019. We used net proceeds from the sale of our secured notes due 2026, together with initial proceeds from our credit facilities to, among other things, redeem our prior 7.875% senior notes due 2024, refinance all amounts under our prior credit facilities, fund the termination of the tax receivable agreement and pay fees and expenses related to the foregoing. In February 2020, we repaid all amounts drawn under our revolving credit facility. In addition, we incurred an incremental $360,000 of term loans under our term loan facility in connection with the DRG acquisition.
Because borrowings under our term loan facility bear interest at variable rates, any increase in interest rates on debt that we have not fixed using interest rate hedges will increase our interest expense, reduce our cash flow or increase the cost of future borrowings or refinancings. Our indebtedness could have important consequences to our investors, including, but not limited to:

- increasing vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of cash flow from operations to the payment of principal of, and interest on, its indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- limiting flexibility in planning for, or reacting to, changes in its business and the competitive environment; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Other than variable rate debt, we believe our business has relatively large fixed costs and low variable costs, which magnifies the impact of revenues fluctuations on our operating results. As a result, a decline in our revenues may lead to a relatively larger impact on operating results. A substantial portion of our operating expenses will be related to personnel costs, regulation and corporate overhead, none of which can be adjusted quickly and some of which cannot be adjusted at all. Our operating expense levels will be based on our expectations for future revenues. If actual revenues are below management’s expectations, or if our expenses increase before revenues do, both revenues less transaction-based expenses and operating results would be materially and adversely affected. Because of these factors, it is possible that our operating results or other operating metrics may fail to meet the expectations of stock market analysts and investors. If this happens, the market price of our ordinary shares may be adversely affected.

A downgrade to our credit ratings would increase our cost of borrowing and adversely affect our ability to access the capital markets.

Our cost of borrowing under our credit facilities and our ability and the terms under which we may access the credit markets are affected by credit ratings assigned to us by the major credit rating agencies. These ratings are premised on our performance under assorted financial metrics and other measures of financial strength, business and financial risk, industry conditions, timeliness of financial reporting, and other factors determined by the credit rating agencies. Our current ratings have served to lower our borrowing costs and facilitate access to a variety of lenders. However, there can be no assurance that our credit ratings or outlook will not be lowered in the future in response to adverse changes in these metrics and factors caused by our operating results or by actions that we take, that reduce our profitability, or that require us to incur additional indebtedness for items such as substantial acquisitions, significant increases in costs and capital spending in security and IT systems, significant costs related to settlements of litigation or regulatory requirements, or by returning excess cash to shareholders through dividends. A downgrade of our credit ratings would increase our cost of borrowing, negatively affect our ability to access the capital markets on advantageous terms, or at all, negatively affect the trading price of our securities, and have a significant negative impact on our business, financial condition, and results of operations.

We are a holding company that depends on cash flow from our subsidiaries to meet our obligations, and any restrictions on our subsidiaries’ ability to pay dividends or make other payments to us may have a material adverse effect on our results of operations and financial condition.

As a holding company, we require dividends and other payments from our subsidiaries to meet cash requirements. Minimum capital requirements mandated by regulatory authorities having jurisdiction over some of our regulated subsidiaries indirectly restrict the amount of dividends paid upstream. In addition, repatriations of cash from our subsidiaries may be subject to withholding, income and other taxes in various applicable jurisdictions. If our subsidiaries are unable to pay dividends and make other payments to us when needed, we may be unable to satisfy our obligations, which would have a material adverse effect on our business, financial condition and operating results.
Our articles of association contain anti-takeover provisions that could adversely affect the rights of our shareholders.

Our articles of association contain provisions to limit the ability of others to acquire control of our Company or cause us to engage in change of control transactions, including, among other things:

- provisions that authorize our board of directors, without action by our shareholders, to issue additional ordinary shares and preferred shares with preferential rights determined by our board of directors;
- provisions that permit only a majority of our board of directors or one or more of our shareholders who together hold at least 10% of the voting rights of our shareholders to call shareholder meetings;
- provisions that impose advance notice requirements, minimum shareholding periods and ownership thresholds, and other requirements and limitations on the ability of shareholders to propose matters for consideration at shareholder meetings; provided, however, such advance notice procedure will not apply to Onex, Baring or Jerre Stead or his successor (as the “Designated Shareholder” under the Director Nomination Agreement entered into in connection with our merger with Churchill Capital Corp) for so long as such person is entitled to nominate one or more members of our board of directors pursuant to our Shareholders Agreement or the Director Nomination Agreement; and
- a staggered board whereby our directors are divided into three classes, with each class subject to retirement and re-election once every three years on a rotating basis.

These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. With our staggered board of directors, at least two annual general meetings of shareholders will generally be required in order to effect a change in a majority of our directors. Our staggered board of directors can discourage proxy contests for the election of our directors and purchases of substantial blocks of our shares by making it more difficult for a potential acquirer to gain control of our board of directors in a relatively short period of time.

If a U.S. person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a U.S. person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ordinary shares, such person may be treated as a “United States shareholder” with respect to us or any of our subsidiaries that constitute a “controlled foreign corporation” (in each case, as such terms are defined under the Internal Revenue Code of 1986, as amended (the “Code”)). Certain United States shareholders of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income, as ordinary income, its pro rata share of “Subpart F income,” “global intangible low-taxed income” and certain investments in U.S. property by controlled foreign corporations, whether or not we make any distributions to such United States shareholder. A failure by a United States shareholder to comply with its reporting obligations may subject the United States shareholder to significant monetary penalties and other adverse tax consequences, and may extend the statute of limitations with respect to the United States shareholder’s U.S. federal income tax return for the year for which such reporting was due. We cannot provide any assurances that we will assist investors in determining whether we or any of our non-U.S. subsidiaries are controlled foreign corporations or whether any investor is a United States shareholder with respect to any such controlled foreign corporations. We also cannot guarantee that we will furnish to United States shareholders information that may be necessary for them to comply with the aforementioned obligations. United States investors should consult their own advisors regarding the potential application of these rules to their investments in us. The risk of being subject to increased taxation may deter our current shareholders from increasing their investment in us and others from investing in us, which could impact the demand for, and value of, our ordinary shares.
If we are characterized as a passive foreign investment company for U.S. federal income tax purposes, our U.S. shareholders may suffer adverse tax consequences.

If 75% or more of our gross income in a taxable year, including our pro rata share of the gross income of any company, U.S. or foreign, in which we are considered to own, directly or indirectly, 25% or more of the shares by value, is passive income, then we will be a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes. Alternatively, we will be considered to be a PFIC if at least 50% of our assets in a taxable year, averaged over the year and ordinarily determined based on fair market value and including our pro rata share of the assets of any company in which we are considered to own, directly or indirectly, 25% or more of the shares by value, are held for the production of, or produce, passive income. Once treated as a PFIC, for any taxable year in which a U.S. Holder owns equity in such foreign corporation, a foreign corporation will generally continue to be treated as PFIC for all subsequent taxable years with respect to such U.S. Holder. If we were to be a PFIC, and a U.S. Holder does not make an election to treat us as a qualified electing fund (“QEF”) or a “mark-to-market” election, “excess distributions” to a U.S. Holder, and any gain recognized by a U.S. Holder on a disposition of our ordinary shares, would be taxed in an unfavorable way. Among other consequences, our dividends would be taxed at the regular rates applicable to ordinary income, rather than the 20% maximum rate applicable to certain dividends received by an individual from a qualified foreign corporation, and, to the extent that they constituted excess distributions, certain “interest” charges may apply. In addition, gains on the sale of our shares would be treated in the same way as excess distributions. The tests for determining PFIC status are applied annually and it is difficult to make accurate predictions of future income and assets, which are relevant to the determination of PFIC status. Based on the current composition of our income and assets, we do not believe that we were a PFIC in 2019, and do not currently expect to become a PFIC in the future. However, because the PFIC asset and income tests are applied on an annual basis, there can be no assurance that we will not be a PFIC in the current taxable year or any future taxable year. If we do become a PFIC in the future, U.S. Holders who hold ordinary shares during a period when we are a PFIC will be subject to the foregoing rules, even if we cease to be a PFIC, subject to exceptions for U.S. Holders who made a timely QEF mark-to-market election, or certain other elections. We do not currently intend to prepare or provide the information that would enable you to make a QEF election. Accordingly, our shareholders are urged to consult their tax advisors regarding the application of PFIC rules.

Future resales of our ordinary shares and/or warrants may cause the market price of our securities to drop significantly, even if our business is doing well.

Onex, Baring and other parties have been granted rights pursuant to a registration rights agreement to require us to register, in certain circumstances, the resale under the Securities Act of ordinary shares of us or warrants held by them, subject to certain conditions. The sale or possibility of sale of these ordinary shares and/or warrants could have the effect of increasing the volatility in our share price or putting significant downward pressure on the price of our ordinary shares and/or warrants.

We may issue additional ordinary shares or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of Clarivate’s ordinary shares.

As of December 31, 2019 we have warrants outstanding to purchase an aggregate of 52,699,886 ordinary shares, that includes 34,399,886 public warrants and approximately 18,300,000 private warrants. During the period January 1, 2020 through February 21, 2020, 24,132,666 of the Company’s outstanding warrants were exercised for one ordinary share per whole warrant at a price of $11.50 per share and on February 20, 2020, we issued a notice to redeem all remaining outstanding public warrants that would result in 4,749,616 shares being issued (assuming all such public warrants called for redemption on March 23, 2020 are exercised prior to redemption). In addition, certain of our current and former employees and service providers hold options to purchase ordinary shares pursuant to the Clarivate Analytics Plc 2019 Incentive Award Plan. Pursuant to this plan, Clarivate may issue an aggregate of up to 60,000,000 ordinary shares, which amount may be subject to increase from time to time. Clarivate may also issue additional ordinary shares or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without shareholder approval, in a number of circumstances.

Our issuance of additional ordinary shares or other equity securities of equal or senior rank would have the following effects:

- our existing shareholders’ proportionate ownership interest in us will decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting strength of each previously outstanding ordinary share may be diminished; and
- the market price of our ordinary shares may decline.
You may face difficulties in protecting your interests as a shareholder, as Jersey law provides substantially less protection when compared to the laws of the United States.

We are incorporated under Jersey law. The rights of holders of ordinary shares are governed by Jersey law, including the provisions of the Companies (Jersey) Law 1991, as amended (the “Jersey Companies Law”), and by our articles of association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations.

It may be difficult to enforce a U.S. judgment against us or our directors and officers outside the United States, or to assert U.S. securities law claims outside of the United States.

A number of our directors and executive officers are not residents of the United States, and the majority of our assets and the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Additionally, it may be difficult to assert U.S. securities law claims in actions originally instituted outside of the United States. Foreign courts may refuse to hear a U.S. securities law claim because foreign courts may not be the most appropriate forum in which to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the law of the jurisdiction in which the foreign court resides, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by the law of the jurisdiction in which the foreign court resides.

Uncertainty relating to the likely phasing out of LIBOR by 2021 may result in our paying increased interest under our credit facilities.

In July 2017, the U.K. Financial Conduct Authority, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. As a result, the continuation of LIBOR on its current basis is not guaranteed after 2021, and currently it appears highly likely that LIBOR will be discontinued or substantially modified by 2021.

Borrowings under our credit facilities bear interest at rates determined using LIBOR as the reference rate. At this time, it is not possible to predict the effect that any discontinuance, modification or other reform of LIBOR or any other reference rate, or the establishment of alternative reference rates, may have on LIBOR, other benchmarks, or LIBOR-based debt instruments such as our credit facilities. However, the use of alternative reference rates or other reforms could cause the interest rates payable under our credit facilities to be substantially higher than we would otherwise have expected.
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “seeks,” “projects,” “intends,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this annual report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, anticipated cost savings, results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which we operate. Such forward-looking statements are based on available current market material and management’s expectations, beliefs and forecasts concerning future events impacting us. Factors that may impact such forward-looking statements include:

- our ability to make, consummate and integrate acquisitions, including the DRG acquisition, and realize any expected benefits or effects of any acquisitions or the timing, final purchase price, costs associated with achieving synergies or integration or consummation of any acquisitions, including the DRG acquisition;
- our ability to compete in the highly competitive markets in which we operate, and potential adverse effects of this competition;
- our ability to maintain revenues if our products and services do not achieve and maintain broad market acceptance, or if we are unable to keep pace with or adapt to rapidly changing technology, evolving industry standards and changing regulatory requirements;
- our ability to achieve all expected benefits from the items reflected in the adjustments included in Standalone Adjusted EBITDA, a non-GAAP measure;
- our ability to achieve operational cost improvements and other anticipated benefits of our merger with Churchill Capital Corp in 2019;
- our dependence on third parties, including public sources, for data, information and other services;
- increased accessibility to free or relatively inexpensive information sources;
- our ability to maintain high annual revenue renewal rates as recurring subscription-based arrangements generate a significant percentage of our revenues;
- any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber-attacks;
- our reliance on our own and third-party telecommunications, data centers and network systems, as well as the Internet;
- potential adverse tax consequences resulting from the international scope of our operations, corporate structure and financing structure;
• increased risks resulting from our international operations;
• our ability to comply with various trade restrictions, such as sanctions and export controls, resulting from our international operations;
• our ability to comply with the anti-corruption laws of the United States and various international jurisdictions;
• the United Kingdom’s withdrawal from the EU;
• fraudulent or unpermitted data access, cyber-security attacks, or other privacy breaches;
• government and agency demand for our products and services and our ability to comply with government contracting regulations;
• changes in legislation and regulation, which may impact how we provide products and services and how we collect and use information, particularly relating to the use of personal data;
• actions by governments that restrict access to our platform in their countries;
• potential intellectual property infringement claims;
• our ability to operate in a litigious environment;
• our potential need to recognize impairment charges related to goodwill, identified intangible assets and fixed assets;
• our ability to make timely and accurate financial disclosure and maintain effective systems of internal controls;
• our substantial indebtedness, which could adversely affect our financial condition, limit our ability to raise additional capital to fund our operations and prevent us from fulfilling our obligations under our indebtedness; and
• other factors beyond our control.

The forward-looking statements contained in this annual report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks and uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Item 1A. Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We will not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.
Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company’s primary office spaces as of January 1, 2020 are represented in the table below:

<table>
<thead>
<tr>
<th>Location</th>
<th>Space Leased</th>
<th>Lease Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philadelphia, Pennsylvania, USA</td>
<td>123,853 square feet</td>
<td>October 2029</td>
</tr>
<tr>
<td>Bangalore, India</td>
<td>56,891 square feet</td>
<td>July 2024</td>
</tr>
<tr>
<td>Hyderabad, India</td>
<td>54,064 square feet</td>
<td>July 2023</td>
</tr>
<tr>
<td>London, UK</td>
<td>49,794 square feet</td>
<td>December 2028</td>
</tr>
<tr>
<td>Chennai, India</td>
<td>47,522 square feet</td>
<td>February 2020</td>
</tr>
<tr>
<td>Boston, Massachusetts, USA</td>
<td>35,023 square feet</td>
<td>October 2024</td>
</tr>
<tr>
<td>Barcelona, Spain</td>
<td>33,387 square feet</td>
<td>October 2023</td>
</tr>
<tr>
<td>Bangalore, India</td>
<td>30,122 square feet</td>
<td>March 2027</td>
</tr>
<tr>
<td>Tokyo, Japan</td>
<td>29,787 square feet</td>
<td>May 2022</td>
</tr>
<tr>
<td>Antwerp, Belgium</td>
<td>27,459 square feet</td>
<td>December 2024</td>
</tr>
<tr>
<td>San Francisco, California, USA</td>
<td>18,905 square feet</td>
<td>October 2025</td>
</tr>
<tr>
<td>Beijing, China</td>
<td>17,039 square feet</td>
<td>August 2020</td>
</tr>
</tbody>
</table>

We believe that our properties, taken as a whole, are in good operating condition, are suitable and adequate for our current business operations, and that additional or alternative space will be available on commercially reasonable terms for future use and expansion.

Item 3. Legal Proceedings

From time to time, we are a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of our business. While the outcomes of these matters are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.
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

**Market Price of Ordinary Shares and Warrants**

Our ordinary shares are traded on the NYSE under the symbol CCC and our warrants are traded on the NYSE American under the symbol CCC.WS. The following table sets forth the high and low sales prices for the ordinary shares and warrants since they commenced separate trading on October 29, 2018.

<table>
<thead>
<tr>
<th></th>
<th>Ordinary Shares</th>
<th></th>
<th>Warrants</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>2019:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>$18.05</td>
<td>$15.72</td>
<td>$6.68</td>
<td>$5.25</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>$17.68</td>
<td>$15.03</td>
<td>$6.34</td>
<td>$4.47</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>$15.38</td>
<td>$12.92</td>
<td>$4.75</td>
<td>$3.25</td>
</tr>
<tr>
<td>First Quarter</td>
<td>$13.59</td>
<td>$9.58</td>
<td>$3.37</td>
<td>$0.73</td>
</tr>
<tr>
<td>2018:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>$9.61</td>
<td>$9.54</td>
<td>$1.20</td>
<td>$0.87</td>
</tr>
</tbody>
</table>

**Holders**

As of December 31, 2019 there were 38 holders of record of ordinary shares and 9 holders of record of warrants. A substantially greater number of holders of our ordinary shares are “street name” or beneficial holders, whose shares of record are held by banks, brokers, and other financial institutions.

**Dividends**

We did not pay any dividends to stockholders during the year ended December 31, 2019. We presently intend to retain our earnings for use in business operations and, accordingly, we do not anticipate that our board will declare dividends in the foreseeable future. In addition, the terms of our credit facilities and the indenture governing our secured notes due 2026 include restrictions that may impact our ability to pay dividends.
Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information as of December 31, 2019, with respect to compensation plans under which equity securities are authorized for issuance.

### Equity Compensation Plan Information

<table>
<thead>
<tr>
<th></th>
<th>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</th>
<th>Weighted-average exercise price of outstanding options, warrants, and rights (b)</th>
<th>Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity Compensation Plans Approved by Security Holders</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019 Incentive Award Plan</td>
<td>21,173,407(2)</td>
<td>$ 12.18(3)</td>
<td>37,302,599(4)</td>
</tr>
<tr>
<td><strong>Equity Compensation Plans Not Approved by Security Holders(1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warrants</td>
<td>52,699,886</td>
<td>$ 11.50</td>
<td>N/A</td>
</tr>
<tr>
<td>Merger Shares</td>
<td>7,000,000</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>73,873,293</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>


(2) Includes (a) 20,880,225 stock options and (b) 293,182 restricted share units that were issued with no exercise price or other consideration.

(3) The weighted-average exercise price is reported for the outstanding stock options reported in the first column. There are no exercise prices for the restricted share units.

(4) The total number of securities remaining available for issuance under equity compensation plans may be issued under the 2019 Incentive Award Plan.

**Issuer Purchases of Equity Securities**

None.
**Performance Graph**

The following graph compares our total cumulative stockholder return with the Standard & Poor's Composite Stock Index ("S&P 500") and a market capitalization-weighted peer index consisting of FactSet Research Systems Inc., Gartner, Inc., IHS Markit Ltd., Moody's Corporation, MSCI Inc., S&P Global Inc. and Verisk Analytics, Inc.

The graph assumes a $100 cash investment on May 14, 2019 and the reinvestment of all dividends, where applicable. This graph is not indicative of future financial performance. The following graph is not filed but is furnished pursuant to Regulation S-K Item 201(e), Instruction 7.

![Comparison of Cumulative Total Return Among Clarivate Analytics, S&P 500 Index, and Peer Group](image)

**Recent Sales of Unregistered Equity; Use of Proceeds from Registered Offerings**

In March 2017, the Company adopted the management incentive plan under which certain employees of the Company may be eligible to purchase shares of the Company. In exchange for each share purchase subscription, the purchaser is entitled to a fully vested right to an ordinary share. Additionally, along with a subscription, employees receive a corresponding number of options to acquire additional ordinary shares subject to five year vesting. The Company did not receive any subscriptions during the year ended December 31, 2019. The Company received net subscriptions for 198,602 during the year ended December 31, 2018. As of December 31, 2019, there were 358,313 shares issued and outstanding under the management incentive plan. The Company believes that these grants, and the vesting of ordinary shares pursuant to such grants, did and do not require registration under the Securities Act because these securities were offered in transactions exempt from registration under the Securities Act. None of the foregoing transactions involved any underwriters, underwriting discounts or commissions or any public offering.

**Item 6. Selected Financial Data**

The Company’s Consolidated Balance Sheet data as of December 31, 2019 and 2018 and Consolidated Statements of Operations, of Comprehensive Loss, and of Cash Flow data for the years ended December 31, 2019, 2018 and 2017 are derived from the Company's audited financial statements, included in Item 8 of this annual report.

This information is only a summary and should be read in conjunction with the Company's Consolidated Financial Statements and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The historical results included below and elsewhere in this annual report are not indicative of the future performance of the Company. All amounts are in US dollars. Certain amounts that appear in this section may not sum due to rounding.
(in thousands, except share and per share data)

**Statement of Operations Data:**

<table>
<thead>
<tr>
<th></th>
<th>2019 (1)(2)</th>
<th>2018 (3)(4)</th>
<th>2017 (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, net</td>
<td>$974,345</td>
<td>$968,468</td>
<td>$917,634</td>
</tr>
<tr>
<td>Cost of revenues, excluding depreciation and amortization</td>
<td>(346,503)</td>
<td>(396,499)</td>
<td>(394,215)</td>
</tr>
<tr>
<td>Selling, general and administrative, excluding depreciation and amortization</td>
<td>(368,675)</td>
<td>(369,377)</td>
<td>(343,143)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>(51,383)</td>
<td>(13,715)</td>
<td>(17,663)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(9,181)</td>
<td>(9,422)</td>
<td>(6,997)</td>
</tr>
<tr>
<td>Amortization</td>
<td>(191,361)</td>
<td>(227,803)</td>
<td>(221,466)</td>
</tr>
<tr>
<td>Impairment on assets held for sale</td>
<td>(18,431)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Transaction expenses</td>
<td>(46,214)</td>
<td>(2,457)</td>
<td>(2,245)</td>
</tr>
<tr>
<td>Transition, integration and other related expenses</td>
<td>(14,239)</td>
<td>(61,282)</td>
<td>(78,695)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(15,670)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Legal settlement</td>
<td>39,399</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other operating income (expense), net</td>
<td>4,826</td>
<td>6,379</td>
<td>(237)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(1,017,432)</td>
<td>(1,074,176)</td>
<td>(1,064,661)</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(43,087)</td>
<td>(105,708)</td>
<td>(147,027)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(157,689)</td>
<td>(130,805)</td>
<td>(138,196)</td>
</tr>
<tr>
<td>Loss before income tax</td>
<td>(200,776)</td>
<td>(236,513)</td>
<td>(285,223)</td>
</tr>
<tr>
<td>Benefit (provision) for income taxes</td>
<td>(10,201)</td>
<td>(5,649)</td>
<td>21,293</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (210,977)</td>
<td>$ (242,162)</td>
<td>$ (263,930)</td>
</tr>
<tr>
<td>Loss from operations per ordinary share</td>
<td>$ (0.77)</td>
<td>$ (1.11)</td>
<td>$ (1.22)</td>
</tr>
</tbody>
</table>

**Statement of Cash Flows data:**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>$117,580</td>
<td>$ (26,100)</td>
<td>$ 6,667</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(140,885)</td>
<td>11,934</td>
<td>(40,205)</td>
</tr>
<tr>
<td>Financing activities</td>
<td>$ 75,215</td>
<td>$ (32,605)</td>
<td>$ 22,818</td>
</tr>
<tr>
<td>Other Financial Data:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$ (69,836)</td>
<td>$ (45,410)</td>
<td>$ (37,804)</td>
</tr>
</tbody>
</table>

**Year Ended December 31,**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Ended December 31,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance Sheet data:</td>
<td>2019 (6)(7)(8)</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 76,130</td>
<td>$ 25,575</td>
<td>$ 53,186</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>333,858</td>
<td>331,295</td>
<td>317,808</td>
</tr>
<tr>
<td>Computer hardware and other property, net</td>
<td>18,042</td>
<td>20,641</td>
<td>23,010</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 3,791,371</td>
<td>$ 3,709,674</td>
<td>$ 4,005,111</td>
</tr>
<tr>
<td>Total long term liabilities</td>
<td>1,779,961</td>
<td>2,015,353</td>
<td>2,057,932</td>
</tr>
<tr>
<td>Total long term debt</td>
<td>1,628,611</td>
<td>1,930,177</td>
<td>1,967,735</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>$ 1,360,412</td>
<td>$ 1,050,607</td>
<td>$ 1,286,106</td>
</tr>
</tbody>
</table>

(1) In September 2019, the Company completed the acquisition of SequenceBase. SequenceBase has been included in our consolidated results of operations starting on the acquisition date. In November 2019, the Company completed the acquisition of Darts-ip. Darts-ip has been included in our consolidated results of operations starting on the acquisition date.

(2) Includes $18,431 of asset impairment charges related to assets held for sale, $15,670 of restructuring charges, and $39,399 gain related to a legal settlement.

(3) In October 2018, the Company completed the acquisition of TrademarkVision. TrademarkVision has been included in our consolidated results of operations starting on the acquisition date.

(4) Includes $36,072 gain on the sale of a business and $33,819 loss related to the write down of a tax indemnity asset.

(5) In June 2017, the Company completed the acquisition of Publons. Publons has been included in our consolidated results of operations starting on the acquisition date.

(6) Reflects the impact of the adoption of ASC 842 Leases. See “Item 8. Financial Statements and Supplementary Data — Notes to the Consolidated Financial Statements — Note 3” for further discussion.

(7) Includes the impact of October 2019 Refinancing Transaction.

(8) Includes $200,000 related to the net impact of the tax receivable agreement and buyout agreement and $678,054 related to the merger recapitalization.
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with “Item 6. Selected Financial Data” and our Consolidated Financial Statements, including the notes thereto, included elsewhere in this annual report. Certain statements in this section are forward-looking statements that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe under “Item 1A. Risk Factors.” Certain income statement amounts discussed herein are presented on an actual and on a constant currency basis. We calculate constant currency by converting the non-U.S. dollar income statement balances for the most current year to U.S. dollars by applying the average exchange rates of the preceding year. Certain amounts that appear in this section may not sum due to rounding.

Overview

We offer a collection of high quality, market leading information and analytic products and solutions through our Science and Intellectual Property (“IP”) Product Groups. Our Science Product Group consists of our Web of Science and Life Science Product Lines, and our IP Product Group consists of our Derwent, CompuMark and MarkMonitor Product Lines. Our highly curated Web of Science products are offered primarily to universities, helping them navigate scientific literature, facilitate research and evaluate and measure the quality of researchers, institutions and scientific journals across various academic disciplines. Our Life Sciences Product Line offerings serve the content and analytical needs of pharmaceutical and biotechnology companies across the drug development lifecycle, including content on discovery and pre-clinical research, competitive intelligence, regulatory information and clinical trials. Our Derwent Product Line offerings help patent and legal professionals in R&D intensive businesses evaluate the novelty and patentability of new ideas and products to help protect and research patents. Our CompuMark products and services allow businesses and legal professionals to access our comprehensive trademark database. Finally, our MarkMonitor offerings include enterprise web domain portfolio management products and services.

Factors Affecting the Comparability of Our Results of Operations

The following factors have affected the comparability of our results of operations between the periods presented in this annual report and may affect the comparability of our results of operations in future periods.

Our Transition to Operations as a Standalone Business

We began to transition to a standalone company in October 2016, when Onex and Baring acquired subsidiaries and assets comprising the intellectual property and science business of Thomson Reuters for approximately $3,600,000 and formed Clarivate.

Transition Services Agreement

At the time of our separation from Thomson Reuters in 2016, we entered into a transition services agreement with Thomson Reuters, pursuant to which Thomson Reuters provided us with certain transitional support services, including facilities management, human resources, accounting and finance, sourcing, certain data center services, and sales and marketing and other back office services. We have replaced all transition services agreement services by building up comparable internal functions during the course of 2017, 2018 and 2019, though we continued to rely to a limited extent on certain Thomson Reuters data center services until we complete our product migration to either Amazon Web Services, or our own systems in 2019. Pursuant to the transition services agreement, we paid Thomson Reuters a fee based on Thomson Reuters’ historical allocation for such services to our business when it was owned by Thomson Reuters. These transition services agreement fees amounted to $10,481, $55,764 and $89,942 in the years ended December 31, 2019, 2018 and 2017, respectively. Our standalone operating costs have differed substantially from the historical costs of services under the transition services agreement and may differ substantially in the future, which may impact the comparability of our results of operations between the periods presented in this annual report and with those for future periods.
In addition, purchase accounting adjustments related to our separation from Thomson Reuters in 2016 included a revaluation of deferred revenues to account for the difference in value between the customer advances retained by us upon the consummation of our separation from Thomson Reuters in 2016 and our outstanding performance obligations related to those advances. The difference in value is written down as an adjustment to revenues as the related performance obligations, which cannot be recognized as revenues under GAAP, are fulfilled. This resulted in negative adjustments to revenues of $438, $3,152, and $49,673 in the years ended December 31, 2019, 2018, and 2017, respectively. As of December 31, 2019, the relevant performance obligations have been substantially fulfilled and the valuation difference has been written down. As a result, our consolidated revenues and margins are not comparable between the periods presented in this annual report and may not be comparable with those for future periods. To facilitate comparability between periods, we present Adjusted Revenues in this annual report to eliminate, among other things, the impact of the deferred revenues adjustment. See “— Certain Non-GAAP Measures — Adjusted Revenues, Adjusted Subscription Revenues and Adjusted Transactional Revenues.”

Merger with Churchill Capital Corp.

In January 2019, we entered into an agreement to merge with Churchill Capital Corp, which closed in May 2019. At closing, our available cash increased by approximately $682,087, of which $650,000 was applied to pay down our existing debt and the remainder was used to pay costs related to the merger and for general corporate purposes.

Following the consummation of the merger, our ordinary shares and warrants began trading on the NYSE and NYSE American, respectively. Our filings with the SEC and listing on the NYSE have required us to develop the functions and resources necessary to operate as a public company, including employee-related costs and equity compensation, which have resulted in increased operating expenses, which we estimate to be approximately $6,458 per year.

Acquisition of Decision Resources Group

On January 17, 2020, we entered into an agreement to acquire DRG, a premier provider of high-value data, analytics and insights products and services to the healthcare industry, from Piramal Enterprises Limited, which is a part of global business conglomerate Piramal Group. The acquisition closed on February 28, 2020.

The aggregate consideration paid in connection with the closing of the DRG acquisition was approximately $950,000, comprised of $900,000 in cash paid on the closing date and approximately $50,000 in Clarivate ordinary shares to be issued to Piramal Enterprises Limited following the one-year anniversary of closing.

In February 2020, we completed an underwritten public offering of 27,600,000 of our ordinary shares, generating net proceeds of $540,736, which we used to fund a portion of the cash consideration for the DRG acquisition. In addition, we incurred an incremental $360,000 of term loans under our term loan facility and used the net proceeds from such borrowings, together with cash on hand, to fund the remainder of the cash consideration for the DRG acquisition and to pay related fees and expenses.

MarkMonitor Brand Protection, Antipiracy and Antifraud Disposition

In November 2019, we entered into an agreement with an unrelated third-party for the sale of certain assets and liabilities of our MarkMonitor Product Line within the IP Group. The divestment closed in January 2020 for a consideration of approximately $3,751. As a result of this divestiture, we recorded an impairment loss of $18,431 for the year ended December 31, 2019. As of December 31, 2019, we determined that these assets and liabilities met the criteria to be classified as held for sale. All assets and liabilities of the divested business are reclassified to Assets held for sale and Liabilities held for sale respectively on our December 31, 2019 Consolidated Balance Sheet. The divestiture did not represent a strategic shift, and is not expected to have a significant effect on our financial results or operations in future periods. We retained the MarkMonitor Domain Management business.
Refinancing Transactions

In October 2019, we closed a private offering of $700,000 in principal amount of secured notes due 2026 and entered into new credit facilities in an initial principal amount of $1,150,000. We used the net proceeds from the offering of notes, together with drawings under the credit facilities, to refinance all amounts outstanding under our prior credit facilities, to redeem our then-outstanding notes and pay fees and expenses related to the foregoing, and to fully fund our $200,000 payment obligation under the agreement terminating our obligations under the tax receivable agreement entered into in connection with our merger with Churchill Capital Corp.

Termination of Tax Receivable Agreement

In connection with our merger with Churchill Capital Corp, we entered into a tax receivable agreement with Onex and Baring and certain other pre-merger shareholders of the Company. The tax receivable agreement generally would have required us to pay the counterparties 85% of the amount of cash savings, if any, realized (or, in some cases, deemed to be realized) as a result of the utilization of certain tax assets. In August 2019, we entered into an agreement pursuant to which all of our future payment obligations under the tax receivable agreement would terminate in exchange for a payment of $200,000, which we made in November 2019. We believe that termination of the tax receivable agreement will significantly improve our free cash flow profile by eliminating near-term cash outflows of up to $30,000 annually that we were expecting to pay starting in early 2021.

IPM Product Line Divestiture

In October 2018, we sold certain subsidiaries and assets related to our intellectual property management (IPM) Product Line for a total purchase price of $100,130 gross of restricted cash and cash included in normalized working capital and related adjustments, of which $31,378 was used to repay a portion of the term loan. As a result, we recorded a net gain on sale of $36,072 for the year ended December 31, 2018. Our consolidated financial statements included elsewhere in this annual report include the results of operations related to our divested IPM Product Line through the date of divestiture, including revenues of $0, $20,450 and $31,854 for the years ended December 31, 2019, 2018, and 2017, respectively. The divestiture did not represent a strategic shift, and is not expected to have a significant effect on our financial results or operations in future periods, although as a result our consolidated revenues and profits for the periods presented in this annual report may not be comparable between periods or with those for future periods. To facilitate comparability between periods we present Adjusted Revenues in this annual report to eliminate, among other things, IPM Product Line revenues for 2019, 2018, and 2017. See “— Certain Non-GAAP Measures — Adjusted Revenues, Adjusted Subscription Revenues and Adjusted Transactional Revenues.”

Darts-ip Acquisition

On November 27, 2019, our IP Product Group completed the acquisition of Darts-ip, a leading provider of case law data for intellectual property professionals. We acquired 100% of the voting equity interest of the acquired business. All assets and liabilities are included in our consolidated financial statements.

Effect of Currency Fluctuations

As a result of our geographic reach and operations across regions, we are exposed to currency transaction and currency translation impacts. Currency transaction exposure results when we generate revenues in one currency and incur expenses in another. While we seek to limit our currency transaction exposure by matching revenues and expenses, we are not always able to do so. For example, our revenues were denominated approximately 81% in U.S. dollars, 9% in euros, 3% in British pounds and 7% in other currencies for the year ended December 31, 2019, 79% in U.S. dollars, 7% in euros, 7% in British pounds and 7% in other currencies for the year ended December 31, 2018 and 79% in U.S. dollars, 7% in euros, 7% in British pounds and 7% in other currencies for the year ended December 31, 2017, while our direct expenses before depreciation and amortization, tax and interest in 2019, 2018 and 2017, were denominated approximately 70%, 70%, and 73% in U.S. dollars, 9%, 9%, and 8% in euros, 13%, 11%, and 11% in British pounds and 8%, 10%, and 8% in various other currencies, respectively.
The financial statements of our subsidiaries outside the U.S. and the UK are typically measured using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the balance sheet date exchange rates, while income and expense items are translated at the average monthly exchange rates. Resulting translation adjustments are recorded in Accumulated other comprehensive income (loss) on the Consolidated Balance Sheets.

Subsidiary monetary assets and liabilities that are denominated in currencies other than the functional currency are remeasured using the month-end exchange rate in effect during each month, with any related gain or loss recorded in Other operating expense, net within the Consolidated Statements of Operations.

We do not currently hedge our foreign currency transaction or translation exposure. As a result, significant currency fluctuations could impact the comparability of our results between periods, while such fluctuations coupled with material mismatches in revenues and expenses could also adversely impact our cash flows. See “Item 7A. Quantitative and Qualitative Disclosures About Market Risk.”

**Key Performance Indicators**

We regularly monitor the following key performance indicators to evaluate our business and trends, measure our performance, prepare financial projections and make strategic decisions.

**Adjusted Revenues, Adjusted Subscription Revenues and Adjusted Transactional Revenues**

We present Adjusted Revenues, which excludes the impact of the deferred revenue purchase accounting adjustment (recorded in connection with the separation from Thomson Reuters) and revenues from divestitures. We also present Adjusted Subscription Revenues and Adjusted Transactional Revenues, which exclude the revenues from divestitures. We present these measures because we believe it is useful to readers to better understand the underlying trends in our operations. See “— Certain Non-GAAP Measures — Adjusted Revenues, Adjusted Subscription Revenues and Adjusted Transactional Revenues” below for important information on the limitations of Adjusted Revenues and their reconciliation to the respective revenues measures under U.S. GAAP.

**Adjusted EBITDA and Adjusted EBITDA margin**

Adjusted EBITDA is presented because it is a basis upon which our management assesses our performance, and we believe it is useful for investors to understand the underlying trends of our operations. See “— Certain Non-GAAP Measures — Adjusted EBITDA and Adjusted EBITDA margin” for important information on the limitations of Adjusted EBITDA and its reconciliation to our Net loss under GAAP. Adjusted EBITDA represents net (loss) income before provision for income taxes, depreciation and amortization, interest income and expense adjusted to exclude acquisition or disposal-related transaction costs (such costs include net income from continuing operations before provision for income taxes, depreciation and amortization and interest income and expense from divestitures), losses on extinguishment of debt, stock-based compensation, unrealized foreign currency gains/(losses), costs associated with the transition services agreement with Thomson Reuters, which we entered into in connection with our separation from Thomson Reuters in 2016, separation and integration costs, transformational and restructuring expenses, acquisition-related adjustments to deferred revenues, costs related to our merger with Churchill Capital Corp in 2019, non-cash income/(loss) on equity and cost method investments, non-operating income or expense, the impact of certain non-cash, legal settlements and other items that are included in net income for the period that the Company does not consider indicative of its ongoing operating performance and certain unusual items impacting results in a particular period. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by Adjusted Revenues.
Annualized Contract Value

Annualized Contract Value (“ACV”), at a given point in time, represents the annualized value for the next 12 months of subscription-based client license agreements, assuming that all expiring license agreements during that period are renewed at their current price level. License agreements may cover more than one product and the standard subscription period for each license agreement typically runs for no less than 12 months. The renewal period for our subscriptions starts 90 days before the end of the current subscription period, during which customers must provide notice of whether they intend to renew or cancel the license agreement.

An initial subscription period for new customers may be for a term of less than 12 months, in certain circumstances. Most of our customers, however, opt to enter into a full 12-month initial subscription period, resulting in renewal periods spread throughout the calendar year. Customers that license more than one subscription-based product may, at any point during the renewal period, provide notice of their intent to renew or cancel the license agreement. In other instances, customers may upgrade or downgrade their license agreements by adding or removing additional subscription-based products to the original agreement. Our calculation of ACV includes the impact of downgrades, upgrades, price increases, and cancellations that have occurred as of the reporting period. For avoidance of doubt, ACV does not include fees associated with transactional revenues.

We monitor ACV because it represents a leading indicator of the potential subscription revenues that may be generated from our existing customer base over the upcoming 12-month period. Measurement of subscription revenues as a key operating metric is particularly relevant because a majority of our revenues are generated through subscription-based products, which accounted for 82.6%, 81.7%, and 81.2% of our total revenues for the years ended December 31, 2019, 2018, and 2017, respectively. We calculate and monitor ACV for each of our Groups (excluding the IPM Product Line, which we sold in October 2018), and use the metric as part of our evaluation of our business and trends.

The amount of actual subscription revenues that we earn over any 12-month period are likely to differ from ACV at the beginning of that period, sometimes significantly. This may occur for numerous reasons, including subsequent changes in annual revenue renewal rates, impact of price increases (or decreases), cancellations, upgrades and downgrades, and acquisitions and divestitures.

We calculate the ACV on a constant currency basis to exclude the effect of foreign currency fluctuations.

The following table presents ACV as of the dates indicated:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annualized Contract Value</td>
<td>$793,727</td>
<td>$767,021</td>
<td>$737,500</td>
<td>3.5%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Annual Revenue Renewal Rates

Our revenues are primarily subscription based, which leads to high revenue predictability. Our ability to retain existing subscription customers is a key performance indicator that helps explain the evolution of our historical results and is a leading indicator of our revenues and cash flows for the subsequent reporting period.

“Annual revenue renewal rate” is the metric we use to determine renewal levels by existing customers across all of our Groups, and is a leading indicator of renewal trends, which impact the evolution of our ACV and results of operations. We calculate the annual revenue renewal rate for a given period by dividing (a) the annualized dollar value of existing subscription product license agreements that are renewed during that period, including the value of any product downgrades, by (b) the annualized dollar value of existing subscription product license agreements that come up for renewal in that period. “Open renewals,” which we define as existing subscription product license agreements that come up for renewal, but are neither renewed nor canceled by customers during the applicable reposting period, are excluded from both the numerator and denominator of the calculation. We calculate the annual revenue renewal rate to reflect the value of product downgrades but not the value of product upgrades upon renewal, because upgrades reflect the purchase of additional services.

The impact of upgrades, new subscriptions and product price increases is reflected in ACV, but not in annual revenue renewal rates. Our annual revenue renewal rates were 90.1%, 91.7% and 91.0% (which for the avoidance of doubt, does not reflect the impact of upgrades, new subscriptions or product price increases) for the years ended December 31, 2019, 2018, and 2017, respectively.

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Key Components of Our Results of Operations

Revenues, net

We categorize our revenues into two categories: subscription and transactional.

Subscription-based revenues are recurring revenues that are earned under annual, multi-year, or evergreen contracts, pursuant to which we license the right to use our products to our customers. Revenues from the sale of subscription data and analytics solutions are typically invoiced annually in advance and recognized ratably over the year as revenues are earned. Subscription revenues are driven by annual revenue renewal rates, new subscription business, price increases on existing subscription business and subscription upgrades and downgrades from recurring customers. Substantially all of our historical deferred revenues purchase accounting adjustments are related to subscription revenues.

Transactional revenues are earned under contracts for specific deliverables that are typically quoted on a product, data set or project basis and often derived from repeat customers, including customers that also generate subscription-based revenues. Transactional products and services are invoiced according to the terms of the contract, typically in arrears. Transactional content sales are usually delivered to the customer instantly or in a short period of time, at which time revenues are recognized. Transactional revenues also include, to a lesser extent, professional services, which are typically performed under contracts that vary in length from several months to years for multi-year projects and are typically invoiced based on the achievement of milestones. The most significant components of our transactional revenues include our “clearance searching” and “backfiles” products.

Cost of Revenues, Excluding Depreciation and Amortization

Cost of revenues consists of costs related to the production, servicing and maintenance of our products and are comprised primarily of related personnel costs, such as salaries, benefits and bonuses for employees, fees for contracted labor, and data center services and licensing costs. Cost of revenues also includes the costs to acquire or produce content, royalties payable and non-capitalized R&D expenses. Cost of revenues does not include production costs related to internally generated software, which are capitalized.

Selling, General and Administrative, Excluding Depreciation and Amortization

Selling, general and administrative costs consist primarily of salaries, benefits, commission and bonuses for the executive, finance and accounting, human resources, administrative, sales and marketing personnel, third-party professional services fees, such as legal and accounting expenses, facilities rent and utilities and technology costs associated with our corporate infrastructure.

Depreciation

Depreciation expense relates to our fixed assets, including mainly computer hardware and leasehold improvements, furniture and fixtures. These assets are depreciated over their expected useful lives, and in the case of leasehold improvements over the shorter of their useful life or the duration of the related lease.

Amortization

Amortization expense relates to our finite-lived intangible assets, including mainly databases and content, customer relationships, internally generated computer software and trade names. These assets are amortized over periods of between two and 20 years. Definite-lived intangible assets are tested for impairment when indicators are present, and, if impaired, are written down to fair value based on discounted cash flows. No impairment of intangible assets has been identified during any financial period included in our accompanying consolidated financial statements.
**Impairment on Assets Held for Sale**

Impairment on assets held for sale represents an impairment charge recorded for certain assets classified as assets held for sale.

**Share-based Compensation**

Share-based compensation expense includes costs associated with stock options granted to and certain modifications for certain members of management and expense related to the issuance of shares in connection with our merger with Churchill Capital Corp in 2019.

**Transaction Expenses**

Transaction expenses are incurred to complete business combination transactions, including acquisitions and dispositions, and typically include advisory, legal and other professional and consulting costs.

**Transition, Integration and Other Related Expenses**

Transition, integration and other related expenses, including transformation expenses, mainly reflect the costs of transitioning certain activities performed under the transition services agreement by Thomson Reuters and certain consulting costs related to standing up our back-office systems to enable our operation on a stand-alone basis. These costs include labor costs of full time employees currently working on migration projects, including primarily employees whose labor costs are capitalized in other circumstances (such as employees working on application development). In 2019, these costs also relate to the Company’s transition expenses incurred following the merger with Churchill Capital Corp.

**Restructuring**

Restructuring expense includes costs associated with involuntary termination benefits provided to employees under the terms of a one-time benefit arrangement, certain contract termination costs, and other costs associated with an exit or disposal activity.

**Legal Settlement**

Legal settlement represents a net gain recorded for cash received in relation to closure of a confidential legal matter.

**Other Operating Income (Expense), Net**

Other operating income (expense), net consists of gains or losses related to legal settlements and the disposal of our assets, asset impairments or write-downs and the consolidated impact of re-measurement of the assets and liabilities of our company and our subsidiaries that are denominated in currencies other than each relevant entity’s functional currency.

**Interest Expense, net**

Interest expense, net consists of expense related to interest on our borrowings under our term loan facility and our secured notes due 2026, the amortization and write off of debt issuance costs and original discount, and interest related to certain derivative instruments.

**Benefit (Provision) for Income Taxes**

A benefit or provision for income tax is calculated for each of the jurisdictions in which we operate. The benefit or provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The benefit or provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the book and tax bases of assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Interest accrued related to unrecognized tax benefits and income tax related penalties are included in the provision for income taxes.
## Results of Operations

The following table presents the results of operations for the years ended December 31, 2019, 2018, and 2017:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, net</strong></td>
<td>$974,345</td>
<td>$968,468</td>
<td>$917,634</td>
<td>0.6%</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>Cost of revenues, excluding depreciation and amortization</strong></td>
<td>(346,503)</td>
<td>(396,499)</td>
<td>(394,215)</td>
<td>(12.6)%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>Selling, general and administrative, excluding depreciation and amortization</strong></td>
<td>(368,675)</td>
<td>(369,377)</td>
<td>(343,143)</td>
<td>(0.2)%</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>Share-based compensation</strong></td>
<td>(51,383)</td>
<td>(13,715)</td>
<td>(17,663)</td>
<td>N/M</td>
<td>(22.4)%</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>(9,181)</td>
<td>(9,422)</td>
<td>(6,997)</td>
<td>(2.6)%</td>
<td>34.7%</td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td>(191,361)</td>
<td>(227,803)</td>
<td>(221,466)</td>
<td>(16.0)%</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Impairment on assets held for sale</strong></td>
<td>(18,431)</td>
<td>—</td>
<td>—</td>
<td>100.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Transaction expenses</strong></td>
<td>(46,214)</td>
<td>(2,457)</td>
<td>(2,245)</td>
<td>N/M</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Transition, integration and other related expenses</strong></td>
<td>(14,239)</td>
<td>(61,282)</td>
<td>(78,695)</td>
<td>(76.8)%</td>
<td>(22.1)%</td>
</tr>
<tr>
<td><strong>Restructuring</strong></td>
<td>(15,670)</td>
<td>—</td>
<td>—</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Legal settlement</strong></td>
<td>39,399</td>
<td>—</td>
<td>—</td>
<td>100.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Other operating income (expense), net</strong></td>
<td>4,826</td>
<td>6,379</td>
<td>(237)</td>
<td>(24.3)%</td>
<td>N/M</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>(1,017,432)</td>
<td>(1,074,176)</td>
<td>(1,064,661)</td>
<td>(5.3)%</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(43,087)</td>
<td>(105,708)</td>
<td>(147,027)</td>
<td>(59.2)%</td>
<td>(28.1)%</td>
</tr>
<tr>
<td><strong>Interest expense, net</strong></td>
<td>(157,689)</td>
<td>(130,805)</td>
<td>(138,196)</td>
<td>20.6%</td>
<td>(5.3)%</td>
</tr>
<tr>
<td><strong>Loss before income tax</strong></td>
<td>(200,776)</td>
<td>(236,513)</td>
<td>(285,223)</td>
<td>(15.1)%</td>
<td>(17.1)%</td>
</tr>
<tr>
<td><strong>Benefit (provision) for income taxes</strong></td>
<td>(10,201)</td>
<td>(5,649)</td>
<td>21,293</td>
<td>(80.6)%</td>
<td>N/M</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(210,977)</td>
<td>(242,162)</td>
<td>(263,930)</td>
<td>(12.9)%</td>
<td>(8.2)%</td>
</tr>
</tbody>
</table>
Revenues, net

Revenues, net of $974,345 in 2019 increased by $5,877, or 0.6%, from $968,468 in 2018. Adjusted Revenues, which exclude the impact of the deferred revenues adjustment and revenues from the IPM Product Line prior to its date of divestiture, increased $23,613, or 2.5% to $974,783 in 2019 from $951,170 in 2018.

Revenues, net increased by $50,834, or 5.5%, from $917,634 in 2017 to $968,468 in 2018. Adjusted Revenues, which exclude the impact of the deferred revenues adjustment and revenues from the IPM Product Line prior its date of divestiture, increased $15,717, or 1.7%, to $951,170 in 2018 from $935,453 in 2017.

For an explanation of our calculation of Adjusted Revenues and the limitations as to its usefulness, see “— Certain Non-GAAP Measures — Adjusted Revenues, Adjusted Subscription Revenues and Adjusted Transactional Revenues.”

The comparability of our Revenues, net between periods was impacted by several factors described under “— Factors Affecting the Comparability of Our Results of Operations.” above. In addition to the deferred revenues adjustment and the divestiture of the IPM Product Line, our results were also impacted by foreign currency effects and revenue from ongoing business, as discussed below.

The table below presents the items that impacted the change in our revenues, net between periods.

<table>
<thead>
<tr>
<th>Revenue change driver</th>
<th>Variance 2019 vs. 2018</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in deferred revenues adjustment</td>
<td></td>
<td>2,714</td>
<td>0.3%</td>
</tr>
<tr>
<td>Decrease in consolidated IPM Product Line revenue</td>
<td></td>
<td>(20,450)</td>
<td>(2.1)%</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td></td>
<td>(5,929)</td>
<td>(0.6)%</td>
</tr>
<tr>
<td>Revenue increase from ongoing business</td>
<td></td>
<td>29,542</td>
<td>3.1%</td>
</tr>
<tr>
<td>Revenues, net (total change)</td>
<td></td>
<td>5,877</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue change driver</th>
<th>Variance 2018 vs. 2017</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in deferred revenues adjustment</td>
<td></td>
<td>46,521</td>
<td>5.1%</td>
</tr>
<tr>
<td>Decrease in consolidated IPM Product Line revenue</td>
<td></td>
<td>(11,404)</td>
<td>(1.2)%</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td></td>
<td>6,070</td>
<td>0.7%</td>
</tr>
<tr>
<td>Revenue increase from ongoing business</td>
<td></td>
<td>9,647</td>
<td>1.1%</td>
</tr>
<tr>
<td>Revenues, net (total change)</td>
<td></td>
<td>50,834</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

Revenues, net from our ongoing business improved for both our Product Groups, led by Science, reflecting a trend consistent with the increase in our ACV between periods, mainly due to product price increases and new business. The evolution of our recurring business is discussed further below by Product Group.
The following tables present the amounts of our subscription and transactional revenues, for the periods indicated.

<table>
<thead>
<tr>
<th>(in thousands, except percentages)</th>
<th>Year Ended December 31, 2019</th>
<th>Year Ended December 31, 2018</th>
<th>Total Variance (Dollars)</th>
<th>Total Variance (Percentage)</th>
<th>Divested IPM Product Line</th>
<th>FX Impact</th>
<th>Ongoing Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription revenues</td>
<td>$ 805,518</td>
<td>$ 794,097</td>
<td>$ 11,421</td>
<td>1.4%</td>
<td>(2.2)%</td>
<td>(0.6)%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Transactional revenues</td>
<td>169,265</td>
<td>177,523</td>
<td>(8,258)</td>
<td>(4.7)%</td>
<td>(1.6)%</td>
<td>(0.8)%</td>
<td>(2.3)%</td>
</tr>
<tr>
<td>Deferred revenues adjustment (1)</td>
<td>(438)</td>
<td>(3,152)</td>
<td>(2,714)</td>
<td>(86.1)%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Revenues, net</td>
<td>$ 974,345</td>
<td>$ 968,468</td>
<td>$ 5,877</td>
<td>0.6%</td>
<td>(2.1)%</td>
<td>(0.6)%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

1) Reflects the deferred revenues adjustment made as a result of purchase accounting related to our separation from Thomson Reuters in 2016

Subscription revenues of $805,518 in 2019 increased by $11,421, or 1.4% from $794,097 in 2018. On a constant currency basis, subscription revenues increased by $15,959, or 2.0%. Subscription revenues from ongoing business increased primarily due to price increases and new business within the Science Product Group, consistent with the growth in the annualized contract value and revenue increases related to upgrade of the Techstreet product offerings. This revenue growth was offset by a decrease due to the IPM Product Line divestiture.

Transactional revenues of $169,265 in 2019 decreased by $8,258, or 4.7% from $177,523 in 2018. On a constant currency basis, transactional revenues decreased by $6,867, or 3.9%. The decline in transactional revenues is due to the loss of income related to the IPM Product Line divestiture, demand for patent services in the period and reflected timing and product offerings within the IP Product Group. The revenues decline was offset partially by increased revenues related to the upgrades of the Techstreet product offerings.

Deferred revenues adjustment (1) reflects the deferred revenues adjustment made as a result of purchase accounting related to our separation from Thomson Reuters in 2016.

Subscription revenues of $794,097 in 2018 increased by $8,380, or 1.1% from $785,717 in 2017. On a constant currency basis, subscription revenues increased by $15,959, or 2.0%. Subscription revenues from ongoing business increased mainly reflected the effect of product price increases partially offset by a reduction in the income related to the IPM divestiture in October 2018.

Transactional revenues of $177,523 in 2018 decreased by $4,067, or 2.2% from $181,590 in 2017. On a constant currency basis, transactional revenues decreased by $6,867, or 3.9%. The decrease in Adjusted Transactional Revenues reflects our product and sales strategy to enhance our subscription product offerings and a reduction in the income related to the IPM divestiture in October 2018.
The following tables present the amounts of our adjusted subscription and adjusted transactional revenues, for the periods indicated.

<table>
<thead>
<tr>
<th>(in thousands, except percentages)</th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th>Variance Increase/ (Decrease)</th>
<th>Percentage of Factors Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
<td></td>
<td>Total Variance (Dollars)</td>
<td>Total Variance (Percentage)</td>
</tr>
<tr>
<td>Adjusted subscription revenues</td>
<td>$805,518</td>
<td>$776,415</td>
<td>$29,103</td>
<td>3.7%</td>
<td>(0.6)%</td>
</tr>
<tr>
<td>Adjusted transactional revenues</td>
<td>169,265</td>
<td>174,755</td>
<td>(5,490)</td>
<td>(3.1)%</td>
<td>(0.8)%</td>
</tr>
<tr>
<td>Deferred revenues adjustment(1)</td>
<td>(438)</td>
<td>(3,152)</td>
<td>(2,714)</td>
<td>(86.1)%</td>
<td>—%</td>
</tr>
<tr>
<td>IPM Product Line(2)</td>
<td>—</td>
<td>20,450</td>
<td>(20,450)</td>
<td>(100.0)%</td>
<td>—%</td>
</tr>
<tr>
<td>Revenues, net</td>
<td>$974,345</td>
<td>$968,468</td>
<td>$5,877</td>
<td>0.6%</td>
<td>(0.6)%</td>
</tr>
</tbody>
</table>

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting related to our separation from Thomson Reuters in 2016

(2) Reflects the revenue generated by the IPM Product Line for the year ended December 31, 2018. We sold the IPM Product Line in October 2018.

Adjusted subscription revenues of $805,518 in 2019 increased by $29,103, or 3.7% from $776,415 in 2018. On a constant currency basis, adjusted subscription revenues increased by $33,641, or 4.3%. Adjusted subscription revenues from ongoing business increased primarily due to price increases and new business within the Science Product Group, consistent with the growth in the Clarivate's ACV, combined with revenues from the TrademarkVision and Darts-ip acquisitions, and increases related to upgrade of the Techstreet product offerings.

Adjusted transactional revenues of $169,265 in 2019 decreased by $5,490, or 3.1% from $174,755 in 2018. On a constant currency basis, adjusted transactional revenues decreased by $4,099, or 2.3%. The decline in adjusted transactional revenues reflected timing and product offerings within the IP Product Group and demand for patent services in the period. The revenues decline was offset partially by increased revenues related upgrades in the Techstreet product offerings.

<table>
<thead>
<tr>
<th>(in thousands, except percentages)</th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th>Variance Increase/ (Decrease)</th>
<th>Percentage of Factors Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td></td>
<td>Total Variance (Dollars)</td>
<td>Total Variance (Percentage)</td>
</tr>
<tr>
<td>Adjusted subscription revenues</td>
<td>$776,415</td>
<td>$754,463</td>
<td>$21,952</td>
<td>2.9%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Adjusted transactional revenues</td>
<td>174,755</td>
<td>180,990</td>
<td>(6,235)</td>
<td>(3.4)%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Deferred revenues adjustment(1)</td>
<td>(3,152)</td>
<td>(49,673)</td>
<td>(46,521)</td>
<td>(93.7)%</td>
<td>—%</td>
</tr>
<tr>
<td>IPM Product Line(2)</td>
<td>20,450</td>
<td>31,854</td>
<td>(11,404)</td>
<td>(35.8)%</td>
<td>—%</td>
</tr>
<tr>
<td>Revenues, net</td>
<td>$968,468</td>
<td>$917,634</td>
<td>$50,834</td>
<td>5.5%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting related to our separation from Thomson Reuters in 2016

(2) Reflects the revenue generated by the IPM Product Line for the year ended December 31, 2018. We sold the IPM Product Line in October 2018.
Adjusted subscription revenues of $776,415 in 2018 increased by $21,952, or 2.9% from $754,463 in 2017. On a constant currency basis, adjusted subscription revenues increased by $17,685, or 2.3%. The increase in Adjusted Subscription Revenues is primarily due to price increases and new business within the Science Product Group and IP Product Group.

Adjusted transactional revenues of $174,755 in 2018 decreased by $6,235, or 3.4% from $180,990 in 2017. On a constant currency basis, adjusted transactional revenues decreased by $8,038, or 4.4%. The decrease in Adjusted Transactional Revenues reflects our product and sales strategy to enhance our subscription product offerings.

The tables present our revenues split by geographic region, separating the impacts of the deferred revenues adjustment and the IPM Product Line:

<table>
<thead>
<tr>
<th>Revenues by Geography</th>
<th>Year Ended December 31,</th>
<th>Variance Increase/Decrease</th>
<th>Percentage of Factors Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 ($ in thousands)</td>
<td>2018 ($ in thousands)</td>
<td>Total Variance (Dollars)</td>
</tr>
<tr>
<td>Americas</td>
<td>463,041</td>
<td>456,281</td>
<td>$ 6,760</td>
</tr>
<tr>
<td>Middle East/Africa/Europe</td>
<td>278,738</td>
<td>272,910</td>
<td>5,828</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>233,004</td>
<td>221,979</td>
<td>11,025</td>
</tr>
<tr>
<td>Deferred revenues adjustment (1)</td>
<td>(438)</td>
<td>(3,152)</td>
<td>(2,714)</td>
</tr>
<tr>
<td>IPM Product Line (2)</td>
<td>—</td>
<td>20,450</td>
<td>(20,450)</td>
</tr>
<tr>
<td>Revenues, net</td>
<td>$ 974,345</td>
<td>$ 968,468</td>
<td>$ 5,877</td>
</tr>
</tbody>
</table>

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting related to our separation from Thomson Reuters in 2016

(2) Reflects the revenue generated by the IPM Product Line for the year ended December 31, 2018. We sold the IPM Product Line in October 2018.

On a constant currency basis, Americas revenues increased by $7,205, or 1.6%, primarily due to improved subscription revenues partially offset by a decline in transactional revenues, consistent with the explanations above. On a constant currency basis, Europe/Middle East/Africa revenues increased by $11,396, or 4.1%, primarily due to improved subscription revenues and an increase in transactional revenues as the result of increased demand and product offerings. On a constant currency basis, Asia Pacific revenues increased $10,941, or 4.9%, primarily due to improved subscription revenues partially offset by a decline in transactional revenues.

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On a constant currency basis, Americas revenues increased by $10,647, or 2.4%, primarily due to improved subscription revenues partially offset by a decline in transactional revenues. On a constant currency basis, Europe/Middle East/Africa revenues decreased by $4,959, or 1.8%, primarily due to improved subscription revenues. On a constant currency basis, Asia Pacific revenues increased $3,959, or 1.8%, primarily due to improved subscription revenues.

The following tables, and the discussions that follow, present our revenues by Group for the periods indicated.

### Revenues by Geography

<table>
<thead>
<tr>
<th>Geography</th>
<th>Year Ended December 31, 2018 (in thousands)</th>
<th>Year Ended December 31, 2017 (in thousands)</th>
<th>Variance Increase/Decrease (in thousands)</th>
<th>Variance Increase/Decrease (Percentage)</th>
<th>Percentage of Factors Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total Variance (Dollars)</td>
<td>Total Variance (Percentage)</td>
<td>FX Impact</td>
</tr>
<tr>
<td>Americas</td>
<td>$456,281</td>
<td>$444,875</td>
<td>$11,406</td>
<td>2.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.4%</td>
</tr>
<tr>
<td>Europe/Middle East/Africa</td>
<td>272,910</td>
<td>273,706</td>
<td>(796)</td>
<td>(0.3)%</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1.8)%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>221,979</td>
<td>216,872</td>
<td>5,107</td>
<td>2.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.8%</td>
</tr>
<tr>
<td>Deferred revenues adjustment(1)</td>
<td>(3,152)</td>
<td>(49,673)</td>
<td>(46,521)</td>
<td>(93.7)%</td>
<td>—%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>—%</td>
</tr>
<tr>
<td>IPM Product Line(2)</td>
<td>20,450</td>
<td>31,854</td>
<td>(11,404)</td>
<td>(35.8)%</td>
<td>—%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>—%</td>
</tr>
<tr>
<td>Revenues, net</td>
<td>$968,468</td>
<td>$917,634</td>
<td>$50,834</td>
<td>5.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.1%</td>
</tr>
</tbody>
</table>

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting related to our separation from Thomson Reuters in 2016.

(2) Reflects the revenue generated by the IPM Product Line for the year ended December 31, 2018. We sold the IPM Product Line in October 2018.

On a constant currency basis, Americas revenues increased by $10,647, or 2.4%, primarily due to improved subscription revenues partially offset by a decline in transactional revenues. On a constant currency basis, Europe/Middle East/Africa revenues decreased by $4,959, or 1.8%, primarily due to improved subscription revenues. On a constant currency basis, Asia Pacific revenues increased $3,959, or 1.8%, primarily due to improved subscription revenues.

The following tables, and the discussions that follow, present our revenues by Product Group for the periods indicated.

### Revenues by Product Group

<table>
<thead>
<tr>
<th>Product Group</th>
<th>Year Ended December 31, 2019 (in thousands)</th>
<th>Year Ended December 31, 2018 (in thousands)</th>
<th>Variance Increase/Decrease (in thousands)</th>
<th>Variance Increase/Decrease (Percentage)</th>
<th>Percentage of Factors Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total Variance (Dollars)</td>
<td>Total Variance (Percentage)</td>
<td>FX Impact</td>
</tr>
<tr>
<td>Science Product Group</td>
<td>$547,542</td>
<td>$527,877</td>
<td>$19,665</td>
<td>3.7%</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>IP Product Group</td>
<td>427,241</td>
<td>423,293</td>
<td>3,948</td>
<td>0.9%</td>
<td>(0.9)%</td>
</tr>
<tr>
<td>Deferred revenues adjustment(1)</td>
<td>(438)</td>
<td>(3,152)</td>
<td>(2,714)</td>
<td>(86.1)%</td>
<td>—%</td>
</tr>
<tr>
<td>IPM Product Line(2)</td>
<td>—</td>
<td>20,450</td>
<td>20,450</td>
<td>100.0%</td>
<td>—%</td>
</tr>
<tr>
<td>Revenues, net</td>
<td>$974,345</td>
<td>$968,468</td>
<td>$5,877</td>
<td>0.6%</td>
<td>(0.6)%</td>
</tr>
</tbody>
</table>

(1) Reflects the deferred revenues adjustment made as a result of purchase accounting related to our separation from Thomson Reuters in 2016.

(2) Reflects the revenue generated by the IPM Product Line for the year ended December 31, 2018. We sold the IPM Product Line in October 2018.

**Science Group:** Revenues of $547,542 in 2019 increased by $19,665, or 3.7%, from $527,877 in 2018. On a constant currency basis, revenues increased by $21,671, or 4.1%, driven by organic subscription revenue growth, primarily due to price increases and new business across the product offerings, consistent with the growth in the ACV. Additionally transactional revenues increased minimally due to increased demand and timing of the product offerings.

**Intellectual Property Group:** Revenues of $427,241 in 2019, increased by $3,948, or 0.9%, from $423,293 in 2018. On a constant currency basis, revenues increased by $7,868, or 1.8%, driven by revenues related to the Techstreet product upgrades. This increase was offset by a decrease from the transactional revenues due to a demand for patent services in the period, and timing and product offerings.