Fiscal Year 2021

Annual Report and Proxy Statement

dynatrace

Dear Fellow Stockholders:

The world runs on software, and we make sure this software runs perfectly, for every transaction and every user journey. This past year, despite the pandemic, we saw digital transformation accelerate around the world, fueling cloud adoption and cloud-native applications. These long-term macro trends provided Dynatrace a positive backdrop for balanced growth and profitability in fiscal 2021, and we believe these trends will continue as we move forward in fiscal 2022 and beyond.

"Our market opportunity has never been better, and our ability to execute against it has never been stronger."

Strong Results[1]

Fiscal year 2021 results were strong across all our key operating metrics. For the year, Annual Recurring Revenue (ARR), our leading topline metric for the business, was $774 million, growing a healthy 35% year-over-year. Revenue was $704 million, representing 29% growth over last year, with subscription revenue, now 93% of total revenue growing 34% for the year. From a profitability standpoint, our Non-GAAP operating income was $207 million, or 29% of revenue, and Non-GAAP earnings per share were $0.63 per diluted share. These strong results were driven by the ongoing combination of solid new logo additions to the Dynatrace platform, the ongoing expansion of existing customers, and an inherently efficient business model allowing us to deliver a sustainable balance of growth and profitability.

In a year marked by global challenge, our fiscal 2021 performance demonstrates the resilience of our value proposition and strength of our team and culture. As the world adapted to remote life, we helped our banking customers optimize and scale their home-banking solutions. We helped our healthcare customers adjust to remote doctor visits and accelerated clinical trials. We helped our commerce customers shift rapidly to touchless purchasing, implement curbside pick-up and manage challenging supply chains. And we helped our government customers rapidly deploy and scale COVID tracking sites, unemployment and stimulus sites, and vaccine scheduling sites.

Across all verticals, software became more important than ever, and Dynatrace was there to help customers optimize their investments, deploy software innovation faster, scale their cloud platforms more efficiently, and assure the expected business outcomes were consistently met or exceeded. Our customer-first attitude continues to be a central part of our core values and our success, and we were proud to be recognized for it as one of the top companies to work for during the pandemic by Battery Ventures and Glassdoor.

The Market and the Opportunity

Our market opportunity has never been better, and our ability to execute against it has never been stronger. The cloud continues to disrupt the entire IT operations management market. We anticipated this shift six years ago and reinvented our platform, unifying full-stack cloud observability with AIOps automation and intelligence. This unique combination has helped us rapidly convert existing customers to the reinvented Dynatrace platform as well as add new world-class customers to the franchise, with over 80% of them using us for modern cloud workloads. At the end of our fiscal 2021, we had over 2,900 enterprise-class customers with an average ARR per customer of $260,000.

Innovation is integral to our durable growth. Over the past year, we have also added considerably to our platform capabilities. We've extended our existing modules for advanced cloud use-cases, new open-source standards, and hybrid-cloud coverage. We've added two new modules for cloud application security and cloud automation for DevOps, and we continue to invest over 30% of our R&D into what's next. Our innovation engine continues to excel and has expanded our TAM from an estimated $32B to an estimated $50B over this past year.

Investing in Go-to-Market

To take advantage of this growing TAM and our product and market momentum, we continue to invest in commercial expansion. Our direct sales team grew 25% over the past year, up from 20% the prior year. This expansion gives us improved coverage against the Global 15,000 accounts ($1B+ accounts) that we target and serve. In addition, we are investing in partner relationships with both Strategic Technology Alliances and System Integrators for extended reach and leverage. Clouds are ecosystems, and more and more System Integrators are using Dynatrace to accelerate their digital transformation projects. Our customers are increasingly using System Integrators to implement on AWS, Azure, GCP, IBM Openshift, ServiceNow, and other platforms, and our investment in strong relationships across both channels is an important go-to-market component for sustained success.

A Commitment to Culture

Culture is a key differentiator for Dynatrace. We believe an equitable and inclusive environment comprised of diverse teams produces more creative solutions, results in more innovative products, and is important to our sustainable success. We are investing in building an inclusive culture and expanding a diverse workforce.

Dynatrace continues to be recognized as an employer of choice with awards around the globe, including being named a Best Large Company to Work For by Builtin Boston, a Top Workplace in Michigan by *Detroit Free Press*, the #1 IT company in Austria by *Trend*, as well as being honored in a number of categories by Comparably's Workplace Awards including, Best Company Outlook, Best Company Global Culture and Best Places to Work in Boston, to name a few. Recognitions such as these help us to attract and retain great talent around the globe as we scale Dynatrace for years to come.

I am extremely proud of the results we achieved in fiscal 2021 and I am confident about our future. I believe the investments we are making in commercial expansion, product innovation, and customer success will enable us to sustain a balanced business of growth and profitability well into the future.

Thank you to all our employees for their commitment to our success and to our investors for their on-going support.

Sincerely,

John Van Siclen
Chief Executive Officer

dynatrace

[1]Our fiscal 2021 results include several non-GAAP financial measures including ARR, Non-GAAP operating income and Non-GAAP earnings per share. A reconciliation of GAAP to non-GAAP financial measures is available at ir.dynatrace.com.

DYNATRACE, INC.
1601 Trapelo Road, Suite 116
Waltham, Massachusetts 02451

Dear Dynatrace Stockholder:

I am pleased to invite you to attend the 2021 Annual Meeting of Stockholders, or the Annual Meeting, of Dynatrace, Inc., or Dynatrace, to be held online on Thursday, August 26, 2021 at 1:00 p.m. Eastern Time. You may attend the meeting virtually via the Internet at www.virtualshareholdermeeting.com/DT2021, where you will be able to vote electronically and submit questions. Details regarding the meeting and the business to be conducted are more fully described in the accompanying Notice of 2021 Annual Meeting of Stockholders and Proxy Statement.

Pursuant to the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to stockholders over the Internet, we are posting the proxy materials on the Internet and delivering a notice of the Internet availability of the proxy materials. On or about July 15, 2021, we will begin mailing to our stockholders a Notice of Internet Availability of Proxy Materials, or the Notice, containing instructions on how to access online or request a printed copy of our Proxy Statement for the 2021 Annual Meeting of Stockholders and our Annual Report on Form 10-K for the year ended March 31, 2021.

Your vote is important. Whether or not you plan to attend the Annual Meeting, I hope you will vote as soon as possible. You may vote over the Internet, by telephone or virtually in person at the Annual Meeting or, if you requested printed copies of proxy materials, you also may vote by mailing a proxy card. Please review the instructions on the Notice or on the proxy card regarding your voting options.

Thank you for being a Dynatrace stockholder. We look forward to seeing you at our Annual Meeting.

Sincerely,

John Van Siclen
Chief Executive Officer

YOUR VOTE IS IMPORTANT

In order to ensure your representation at the meeting, whether or not you plan to attend the meeting, please vote your shares as promptly as possible by following the instructions on your Notice or, if you requested printed copies of your proxy materials, by following the instructions on your proxy card. Your vote will help to ensure the presence of a quorum at the meeting and that your shares are represented at the Annual Meeting. If you hold your shares through a broker, your broker is not permitted to vote on your behalf on the election of directors unless you provide specific instructions to the broker by completing and returning any voting instruction form that the broker provides (or following any instructions that allow you to vote your broker-held shares via telephone or the Internet). For your vote to be counted, you will need to communicate your vote before the date of the Annual Meeting. Voting your shares in advance will not prevent you from attending the Annual Meeting, revoking your earlier submitted proxy or voting your stock virtually at the Annual Meeting.

DYNATRACE, INC.
1601 Trapelo Road, Suite 116
Waltham, Massachusetts 02451

NOTICE OF 2021 VIRTUAL ANNUAL MEETING OF STOCKHOLDERS
To be held August 26, 2021

Notice is hereby given that Dynatrace, Inc. will hold its 2021 Annual Meeting of Stockholders, or the Annual Meeting, online on Thursday, August 26, 2021 at 1:00 p.m. Eastern Time, for the following purposes:

- To elect three Class II directors, Seth Boro, Jill Ward and Kirsten Wolberg to hold office until the 2024 annual meeting of stockholders and until their successors are duly elected and qualified, subject to their earlier resignation or removal;
- To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2022;
- To cast a non-binding, advisory vote on the frequency of future non-binding, advisory votes on the compensation of our named executive officers; and
- To transact any other business that properly comes before the Annual Meeting (including adjournments and postponements thereof).

Our Board of Directors recommends that you vote "FOR" the director nominees named in Proposal One, "FOR" the ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm as described in Proposal Two, and for "1 YEAR" as the preferred frequency for future stockholder non-binding, advisory votes on the compensation of our named executive officers, as described in Proposal Three.

Only stockholders of record at the close of business on July 1, 2021 are entitled to notice of and to vote at the Annual Meeting as set forth in the Proxy Statement. You may attend, vote and participate at the Annual Meeting by visiting www.virtualshareholdermeeting.com/DT2021 and entering the 16-digit control number included in the Notice of Internet Availability of Proxy Materials, on the proxy card, or in the instructions included with the proxy materials dated July 15, 2021. You are entitled to attend the Annual Meeting only if you were a stockholder as of the close of business on July 1, 2021 or hold a valid proxy for the Annual Meeting. If you are a stockholder of record or hold shares through a broker, trustee, or nominee, your ownership as of the record date will be verified prior to admittance into the meeting. Access to the webcast will begin at 12:45 p.m. Eastern Time on August 26, 2021. For instructions on how to vote your shares, please refer to the instructions on the Notice of Availability of Proxy Materials you received in the mail, the section titled "How do I vote?" beginning on page 2 of this Proxy Statement or, if you requested to receive printed proxy materials, your enclosed proxy card.

By Order of the Board of Directors,

Craig Newfield
Senior Vice President, General Counsel
Waltham, Massachusetts
July 15, 2021

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DYNATRACE, INC.
1601 Trapelo Road, Suite 116
Waltham, Massachusetts 02451

PROXY STATEMENT
FOR THE 2021 VIRTUAL ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD AUGUST 26, 2021

This proxy statement contains information about the 2021 Annual Meeting of Stockholders, or the Annual Meeting, of Dynatrace, Inc., which will be held online on August 26, 2021 at 1:00 p.m. Eastern Time. You may attend the meeting virtually via the Internet at www.virtualshareholdermeeting.com/DT2021, where you will be able to vote electronically and submit questions. The Board of Directors of Dynatrace, Inc., or our Board, is using this proxy statement to solicit proxies for use at the Annual Meeting. In this proxy statement, the terms "Dynatrace," "we," "us," and "our" refer to Dynatrace, Inc. The mailing address of our principal executive offices is Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, Massachusetts 02451.

All properly submitted proxies will be voted in accordance with the instructions contained in those proxies. If no instructions are specified, the proxies will be voted in accordance with the recommendation of our Board with respect to each of the matters set forth in the accompanying Notice of Meeting. You may revoke your proxy at any time before it is exercised at the meeting by giving our corporate secretary written notice to that effect.

We made this proxy statement and our Annual Report to Stockholders for the fiscal year ended March 31, 2021 available to stockholders on or about July 15, 2021.

Important Notice Regarding the Availability of Proxy Materials for
the 2021 Annual Meeting of Stockholders to be Held on August 26, 2021:

This proxy statement and our 2021 Annual Report to Stockholders are
available for viewing, printing and downloading at www.proxyvote.com.

A copy of our Annual Report on Form 10-K for the fiscal year ended March 31, 2021, as filed with the Securities and Exchange Commission (SEC), except for exhibits, will be furnished without charge to any stockholder upon written request to Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, Massachusetts 02451, Attention: Corporate Secretary or by email to ir@dynatrace.com. This proxy statement and our Annual Report on Form 10-K for the fiscal year ended March 31, 2021 are also available on the SEC's website at *www.sec.gov*.

DYNATRACE, INC.
PROXY STATEMENT
FOR THE 2021 VIRTUAL ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

When are this proxy statement and the accompanying materials scheduled to be sent to stockholders?

We have elected to provide access to our proxy materials to our stockholders via the Internet. Accordingly, on or about July 15, 2021, we will begin mailing a Notice of Internet Availability of Proxy Materials, or Notice. Our proxy materials, including the Notice of 2021 Annual Meeting of Stockholders, this proxy statement and the accompanying proxy card or, for shares held in street name (i.e. held for your account by a broker or other nominee), a voting instruction form, and the 2021 Annual Report to Stockholders, or 2021 Annual Report, will be mailed or made available to stockholders on the Internet on or about the same date.

Why did I receive a Notice of Internet Availability of Proxy Materials instead of a full set of proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission, or SEC, for most stockholders, we are providing access to our proxy materials over the Internet rather than printing and mailing our proxy materials. We believe following this process will expedite the receipt of such materials and will help lower our costs and reduce the environmental impact of our annual meeting materials. Therefore, the Notice was mailed to holders of record and beneficial owners of our common stock starting on or about July 15, 2021. The Notice provides instructions as to how stockholders may access and review our proxy materials, including the Notice of 2021 Annual Meeting of Stockholders, this proxy statement, the proxy card and our 2021 Annual Report, on the website referred to in the Notice or, alternatively, how to request that a copy of the proxy materials, including a proxy card, be sent to them by mail. The Notice also provides voting instructions. In addition, stockholders of record may request to receive the proxy materials in printed form by mail or electronically by e-mail on an ongoing basis for future stockholder meetings. Please note that, while our proxy materials are available at the website referenced in the Notice, and our Notice of 2021 Annual Meeting of Stockholders, this proxy statement and our 2021 Annual Report are available on our website, no other information contained on either website is incorporated by reference in or considered to be a part of this proxy statement.

Who is soliciting my vote?

Our Board is soliciting your vote for the Annual Meeting.

When is the record date for the Annual Meeting?

The record date for determination of stockholders entitled to vote at the 2021 Annual Meeting of Stockholders, or the Annual Meeting, was the close of business on July 1, 2021.

How many votes can be cast by all stockholders?

There were 284,218,126 shares of our common stock, par value $0.001 per share, outstanding on July 1, 2021, all of which are entitled to vote with respect to all matters to be acted upon at the Annual Meeting. Each stockholder of record is entitled to one vote for each share of our common stock held by such stockholder. None of our shares of preferred stock were outstanding as of July 1, 2021.

How do I vote?

Virtually In Person

If you are a stockholder of record, you may vote virtually in person at the Annual Meeting. You may attend the Annual Meeting virtually via the internet at www.virtualshareholdermeeting.com/DT2021 and you may vote during the meeting. Access to the webcast will begin at 12:45 pm Eastern Time on August 26, 2021. In order to be able to attend the Annual Meeting, you will need the 16-digit control number, provided in the Notice of Internet Availability of Proxy Materials, on the proxy card, or in the instructions included with the proxy materials dated July 15, 2021. If you hold your shares through a bank or broker and wish to vote in person at the meeting, you must obtain a valid proxy from the firm that holds your shares.

By Proxy

If you do not wish to vote virtually in person or will not be attending the Annual Meeting, you may vote by proxy. You can vote by proxy over the Internet by following the instructions provided in the Notice, or, if you requested printed copies of the proxy materials by mail, you can vote by mailing your proxy as described in the proxy materials. In order to be counted, proxies submitted by Internet or phone must be received by the cutoff time of 11:59 p.m. Eastern Time on August 25, 2021. Proxies submitted by mail must be received before the start of the Annual Meeting.

If you complete and submit your proxy before the Annual Meeting, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you submit a proxy without giving voting instructions, your shares will be voted in the manner recommended by our Board on all matters presented in this proxy statement, and as the persons named as proxies may determine in their discretion with respect to any other matters properly presented at the Annual Meeting. You may also authorize another person or persons to act for you as proxy in a writing, signed by you or your authorized representative, specifying the details of those proxies' authority. The original writing must be given to each of the named proxies, although it may be sent to them by electronic transmission if, from that transmission, it can be determined that the transmission was authorized by you.

If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in your proxy and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. We do not currently anticipate that any other matters will be raised at the Annual Meeting.

By Internet or by Phone

You may vote over the internet or by telephone by following the instructions provided on the Notice.

How do I revoke my proxy?

You may revoke your proxy by (1) following the instructions on the Notice and entering a new vote by mail that we receive before the start of the Annual Meeting or over the Internet or by phone by the cutoff time of 11:59 p.m. Eastern Time on August 25, 2021, (2) attending and voting virtually at the Annual Meeting (although attendance at the Annual Meeting will not in and of itself revoke a proxy), or (3) by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with our Corporate Secretary. Any written notice of revocation or subsequent proxy card must be received by our Corporate Secretary prior to the taking of the vote at the Annual Meeting. Such written notice of revocation or subsequent proxy card should be hand delivered to our Corporate Secretary or sent to our principal executive offices at Dynatrace, Inc., 1601 Trapelo Road, Suite 116 Waltham, Massachusetts 02451, Attention: Corporate Secretary.

If a broker, bank, or other nominee holds your shares, you must contact such broker, bank, or nominee in order to find out how to change your vote.

How is a quorum reached?

Our Amended and Restated Bylaws, or bylaws, provide that a majority of the shares entitled to vote, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting.

Under the General Corporation Law of the State of Delaware, shares that are voted "abstain" or "withheld" and broker "non-votes" are counted as present for purposes of determining whether a quorum is present at the Annual Meeting. If a quorum is not present, the meeting may be adjourned until a quorum is obtained.

How is the vote counted?

Under our bylaws, any proposal other than an election of directors is decided by a majority of the votes properly cast for and against such proposal, except where a larger vote is required by law or by our Amended and Restated Certificate of Incorporation, or certificate of incorporation, or bylaws. Abstentions and broker "non-votes" are not included in the tabulation of the voting results on any such proposal and, therefore, do not have an impact on such proposals. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

If your shares are held in "street name" by a brokerage firm, your brokerage firm is required to vote your shares according to your instructions. If you do not give instructions to your brokerage firm, the brokerage firm will still be able to vote your shares with respect to certain "discretionary" item, but will not be allowed to vote your shares with respect to "non-discretionary" items. Proposal No. 1 and Proposal No. 3 are "non-discretionary" items. If you do not instruct your broker how to vote with respect to these proposals, your broker may not vote for these proposals, and those votes will be counted as broker "non-votes." Proposal No. 2 is considered to be a discretionary item, and your brokerage firm will be able to vote on this proposal even if it does not receive instructions from you.
To be elected, the directors nominated via Proposal No. 1 must receive a plurality of the votes properly cast on the election of directors, meaning that the director nominees receiving the most votes will be elected. Shares voting "withheld" have no effect on the election of directors.

For Proposal No.3, the frequency that receives the highest number of votes properly cast – every one, two or three years – shall be deemed the frequency recommended by stockholders. Abstentions have no effect on the non-binding, advisory vote on the frequency of future non-binding, advisory votes to approve the compensation of our named executive officers.

Who pays the cost for soliciting proxies?

We are making this solicitation and will pay the entire cost of preparing and distributing the Notice and our proxy materials and soliciting votes. If you choose to access the proxy materials or vote over the Internet, you are responsible for any Internet access charges that you may incur. Our officers and employees may, without compensation other than their regular compensation, solicit proxies through further mailings, personal conversations, facsimile transmissions, e-mails, or otherwise. We have hired Broadridge Financial Solutions, Inc. to assist us in the distribution of proxy materials. Proxy solicitation expenses that we will pay include those for preparation, mailing, returning, and tabulating the proxies.

How may stockholders submit matters for consideration at an annual meeting?

Requirements for Stockholder Proposals to be Brought Before the Annual Meeting

Our bylaws provide that, for nominations of persons for election to our Board or other proposals to be considered at an annual meeting of stockholders, a stockholder must give written notice, received by our corporate secretary at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. However, our bylaws also provide that, in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from the first anniversary of the preceding year's annual meeting, or if no annual meeting were held in the preceding year, a stockholder's notice must be so received no earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs.

The advance notice requirements under our bylaws for the 2022 Annual Meeting of Stockholders are as follows: a stockholder's notice shall be timely delivered to our Secretary at the address set forth above not earlier than the close of business on April 28, 2022 and not later than the close of business on May 27, 2022. However, if the date of our 2022 Annual Meeting of Stockholders occurs more than 30 days before or 60 days after August 26, 2022, the anniversary of the 2021 Annual Meeting, a stockholder notice will be timely if it is received at the address set forth above by the later of the close of business on (A) the 90th day prior to such annual meeting or (B) the tenth day following the day on which public disclosure of the date of the meeting is made.

Requirements for Stockholder Proposals to be Considered for Inclusion

In addition to the requirements stated above, any stockholder who wishes to submit a proposal intended to be included in the proxy statement for the next annual meeting of our stockholders in 2022 must comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. For such proposals to be included in our proxy materials relating to our 2022 annual meeting of stockholders, all applicable requirements of Rule 14a-8 must be satisfied and we must receive such proposals no later than March 17, 2022. If the date of our annual meeting is moved by more than 30 days from the date contemplated at the time of the previous year's proxy statement, then notice must be received within a reasonable time before we begin to print and send proxy materials. If the date of our annual meeting is moved, we will publicly announce the deadline for submitting a proposal in a press release or in a document filed with the SEC.

How can I know the voting results?

We plan to announce preliminary voting results at the Annual Meeting and will publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

PROPOSAL NO. 1 – ELECTION OF CLASS I DIRECTORS

Our Board currently consists of nine members. In accordance with the terms of our certificate of incorporation and bylaws, our Board is divided into three classes, Class I, Class II and Class III, with members of each class serving staggered three-year terms. The members of the classes are divided as follows:

- the Class I directors are John Van Siclen, Michael Capone and Stephen Lifshatz and their terms will expire at the annual meeting of stockholders to be held in 2023;
- the Class II directors are Seth Boro, James K. Lines, Jill Ward and Kirsten Wolberg and their terms will expire at the Annual Meeting; and
- the Class III directors are Steve Rowland, Kenneth "Chip" Virnig and Paul Zuber and their terms will expire at the annual meeting of stockholders to be held in 2022.

Upon the expiration of the term of a class of directors, directors in that class will be eligible to be elected for a new three-year term at the annual meeting of stockholders in the year in which their term expires.

James Lines is not standing for re-election at the Annual Meeting and, as a result, his term as a director will end at the annual meeting.

Our Board has nominated Seth Boro, Jill Ward and Kirsten Wolberg for election as the Class II directors at the Annual Meeting. Ms. Wolberg was originally identified as a potential candidate for nomination to the Board by True Capital Partners, LLC, a third-party search firm. The nominees are presently directors and have indicated a willingness to continue to serve as directors, if elected. If the nominees become unable or unwilling to serve, however, the proxies may be voted for a substitute nominee selected by our Board.

Nominees for Election as Class II Directors

The following table identifies our directors and sets forth their principal occupation and business experience during the last five years and their ages as of July 1, 2021.

Name	Positions and Offices Held with Dynatrace, Inc.	Director Since	Age
Seth Boro	Director	2015	45
Jill Ward	Director	2019	61
Kirsten Wolberg	Director	March 2021	53

Seth Boro has served on our Board since January 2015. Mr. Boro has served as a Managing Partner at Thoma Bravo since 2013. He joined Thoma Bravo in 2005 and became a Partner in 2010, serving in that capacity until becoming a Managing Partner in 2013. Mr. Boro was previously an associate with the private equity firm Summit Partners from July 2000 to May 2003 and an analyst with Credit Suisse from July 1999 to July 2000. Mr. Boro currently serves on the board of directors of SolarWinds Corporation (NYSE: SWI) and previously served on the board of directors of SailPoint Technologies Holdings, Inc. (NYSE: SAIL) until November 2018. He currently serves as a director of several software and technology service companies in which certain private equity funds advised by Thoma Bravo hold an investment. Example companies include Barracuda Networks, Inc., Calabrio, Inc.. ConnectWise, Inc., Flexera Software, LLC, Hyland Software, Inc., Imperva, Inc., Kofax, Ltd., LogRhythm, Inc., McAfee, LLC, Qlik Technologies, Inc., Riverbed Technology, Sophos Limited and Veracode, Inc. Mr. Boro also serves or has previously served on the board of directors of other cyber security companies. Examples include Blue Coat Systems, Inc., Entrust, Inc., SonicWALL, Inc. and Tripwire, Inc. Mr. Boro received his M.B.A. from the Stanford Graduate School of Business and is a graduate of Queen's University School of Business (Canada), where he received a Bachelor of Commerce degree. Our Board believes that Mr. Boro's board and industry experience qualify him to serve on our Board.

Jill Ward has served on our Board since September 2019. From October 2018 to February 2020, Ms. Ward served as an operating partner of Lead Edge Capital, a growth equity investment firm. Ms. Ward has served as a member of the board of directors of HubSpot (NYSE: HUBS) since October 2017. Ms. Ward served as a member of the board of directors of Carbon Black, Inc. (Nasdaq: CBLK) from December 2018 until its acquisition by VMware, Inc. in October 2019 and she served as president and chief operating officer of Fleetmatics from 2015 until its acquisition by Verizon Communications in 2016. Prior to Fleetmatics, from 2001 to 2014, Ms. Ward served as vice president and then senior vice president and general manager at Intuit Inc. (Nasdaq: INTU). Ms. Ward's experience also includes leadership roles at Telespectrum, Fidelity Investments, and Bain & Company. Ms. Ward holds an M.B.A. from the Amos Tuck School of Business Administration at Dartmouth College and a B.A. from Wellesley College. Our Board believes that Ms. Ward's board and business experience and her overall knowledge of our industry qualify her to serve on our Board.

Kirsten O. Wolberg has served on our board of directors since March 2021. From November 2017 to February 2021, Ms. Wolberg served as the Chief Technology and Operations Officer for DocuSign, Inc. (NASDAQ: DOCU). From January 2012 to October 2017, Ms. Wolberg was a Vice President at PayPal, Inc., a subsidiary of PayPal Holdings, Inc. (NASDAQ: PYPL), where she served in various executive roles including as Vice President, Technology from 2012 to 2015. Prior to that, Ms. Wolberg was Chief Information Officer for Salesforce (NYSE: CRM) from May 2008 to September 2011. In addition, Ms. Wolberg serves on the board of directors of lender Sallie Mae (NASDAQ: SLM), enterprise technology companies CalAmp Corp. (NASDAQ: CAMP) and Duco Technology Limited, and insurance technology company, Pie Insurance Holdings, Inc. Ms. Wolberg holds an M.B.A. from the J.L. Kellogg Graduate School of Management at Northwestern University and a B.S. in Business Administration from the University of Southern California. Our Board believes that Ms. Wolberg's board and enterprise technology experience and her overall knowledge of the SaaS software industry qualify her to serve on our Board.

Vote Required

The election of directors requires a plurality of the voting power of the shares of our common stock be present in person or by proxy at the Annual Meeting and entitled to vote thereon to be approved. Broker non-votes will have no effect on this proposal. The proxies will be voted in favor of the above nominees unless a contrary specification is made in the proxy. The nominees have consented to serve as our directors if elected. However, if the nominees are unable to serve or for good cause will not serve as a director, the proxies will be voted for the election of such substitute nominee as our Board may designate.

Our Board recommends voting "FOR" the election of Seth Boro, Jill Ward and Kirsten Wolberg as the Class II directors, to serve for a three-year term ending at the annual meeting of stockholders to be held in 2024.

Directors Continuing in Office

The following table identifies our directors continuing in office and sets forth their principal occupation and business experience during the last five years and their ages as of July 1, 2021.

Name	Positions and Offices Held with Dynatrace	Director Since	Class and Year in Which Term Will Expire	Age
John Van Siclen	Chief Executive Officer, Director	2015	Class I – 2023	64
Michael Capone	Director	2019	Class I – 2023	54
Stephen Lifshatz	Director	2019	Class I – 2023	62
Steve Rowland	Director	2021	Class III – 2022	53
Kenneth “Chip” Virnig	Director	2015	Class III – 2022	37
Paul Zuber	Director	2015	Class III – 2022	61

Class I Directors (Term Expires at 2023 Annual Meeting)

John Van Siclen has served as our Chief Executive Officer since 2008 and on our Board since December 2014. He has over 35 years of experience developing and leading technology companies in a variety of markets including networking, database, content management and broadband. In 2012, Mr. Van Siclen was recognized by CRN magazine as a "Top 25 Disrupter", and in 2018, 2019 and 2020 he was recognized by Comparably as one of the top CEOs in America for companies over 500 employees. Prior to Dynatrace, Mr. Van Siclen was Chief Executive Officer of Adesso Systems, Inc. from July 2006 until December 2007. Mr. Van Siclen also held several executive positions at Interwoven Inc. (Nasdaq: IWOV) from January 2000 until June 2003 last serving as its Chief Executive Officer from January 2002 through June 2003. Mr. Van Siclen holds a B.A. in History from Princeton University. Our Board believes that based on Mr. Van Siclen’s knowledge of our company and our business, and his service as our Chief Executive Officer, Mr. Van Siclen is qualified to serve on our Board.

Michael Capone has served on our Board since July 2019. Mr. Capone has served as the Chief Executive Officer of Qlik Technologies, Inc., which is owned by affiliates of Thoma Bravo, since January 2018. Prior to that, Mr. Capone served as the Chief Operating Officer of Medidata Solutions, Inc. (Nasdaq: MDSO) from October 2014 to December 2017. Prior to joining Medidata, Mr. Capone worked in various executive positions at Automatic Data Processing, Inc., or ADP (Nasdaq: ADP), serving as Corporate Vice President of Product Development and Chief Information Officer from July 2008 to September 2014, and Senior Vice President and General Manager of ADP’s Global HR/Payroll Outsourcing Business from July 2005 to June 2008. He has also served on the board of directors of Ellie Mae, which is owned by private equity funds advised by Thoma Bravo, since May 2019. Mr. Capone holds a B.S. in Computer Science from Dickinson College and an M.B.A. in Finance from Pace University. Our Board believes that Mr. Capone’s board and business experience and his overall knowledge of our industry qualify him to serve on our Board.

Stephen Lifshatz has served on our Board since July 2019. Mr. Lifshatz has served as the Chief Financial Officer for Lytx, a private video telematics company, since May 2018. Prior to joining Lytx, from January 2017 through May 2018, Mr. Lifshatz was engaged as an independent consultant by several private equity firms to assist in the development and expansion of certain of their portfolio companies. Prior to that, Mr. Lifshatz served as Chief Financial Officer of Fleetmatics Group PLC (NYSE: FLTX) from December 2010 to December 2016. Mr. Lifshatz had also served as CFO of four additional private and public companies during his career. Mr. Lifshatz served on the board of directors of Amicas, Inc. (Nasdaq: AMCS) from June 2007 until June 2010, as well as on the Board or Advisory Board of several companies. Mr. Lifshatz holds a B.S. in Accounting and Marketing from Skidmore College. Our Board believes that Mr. Lifshatz’s board and business experience and his overall knowledge of our industry qualify him to serve on our Board.

Class III Directors (Term Expires at 2022 Annual Meeting)

Steve Rowland has served on our Board since July 2021. In addition, he has served as Chief Revenue Officer of Okta, Inc. (NASDAQ: OKTA) since March 2021, and as Executive Advisor and Limited Partner at the Atlanta-based VC firm, Forté Ventures LP since May 2019. Prior to these roles, from August 2019 to March 2021, he served as Vice President, Americas at Splunk Inc. (NASDAQ: SPLK). From October 2015 to August 2019, he served as President at DataStax, Inc. He has also held executive leadership roles at other technology companies including Apigee Corp., Blue Coat Systems LLC and BMC Software Inc. Mr. Rowland holds a BS in engineering from Texas A&M University. Our Board believes that Mr. Rowland’s leadership and go-to-market experience and his overall knowledge of our industry qualify him to serve on our Board.

Kenneth “Chip” Virnig has served on our Board since January 2015. Since September 2018, he has served as Partner at Thoma Bravo, and from July 2015 to September 2018 he served as Principal at Thoma Bravo. Mr. Virnig joined Thoma Bravo in 2008 and served as Vice President prior to his promotion to Principal. Prior to that Mr. Virnig worked as an analyst in the investment banking group at Merrill Lynch & Co. from July 2006 to July 2008. He previously served on the board of directors of SailPoint Technologies Holdings, Inc. (NYSE: SAIL) until March 2019 and currently serves as a director of several software and technology service companies in which certain private equity funds advised by Thoma Bravo hold an investment. Examples include Barracuda Networks, Inc., Flexera Software, LLC, Hyland Software, Inc., Imperva, Inc., Imprivata, Inc., Kofax, Ltd., LogRhythm, Inc., Qlik Technologies, Inc., Sophos Limited and Veracode, Inc. Mr. Virnig received a B.A. in Business Economics, Commerce, Organizations and Entrepreneurship from Brown University. Our Board believes that Mr. Virnig's board and industry experience and his overall knowledge of our business qualify him to serve on our Board.

Paul Zuber has served on our Board since January 2015. Mr. Zuber has been an Operating Partner with Thoma Bravo since 2010. Previously he served as founding Chief Executive Officer of Dilithium Networks Inc. from July 2001 to July 2010 and as Chief Executive Officer of Bluegum Group from 1995 to 2000. Mr. Zuber also served in senior positions at Ready Systems Inc. from 1986 to 1990. Mr. Zuber currently serves on the board of directors of several software and technology service companies in which certain private equity funds advised by Thoma Bravo hold an investment, including ABC Fitness Solutions, LLC, Barracuda Networks, Inc., Cority Software Inc., Frontline Education Technologies, LLC, Imprivata, Inc., Kofax, Ltd., LogRhythm, Inc., MeridianLink, Inc., Syntellis Holdings, LP, Pathwire, Inc., and Sophos Limited. Mr. Zuber also serves on the board of directors of Houlihan Lokey (NYSE: HLI). Mr. Zuber has an M.B.A. from the Stanford Graduate School of Business and B.A. degrees in International Relations and Economics from Stanford University. Our Board believes that Mr. Zuber's board and industry experience and his knowledge of our business qualify him to serve on our Board.

There are no family relationships between or among any of our directors or executive officers. The principal occupation and employment during the past five years of each of our directors was carried on, in each case except as specifically identified above, with a corporation or organization that is not a parent, subsidiary or other affiliate of us. There is no arrangement or understanding between any of our directors and any other person or persons pursuant to which he or she is to be selected as a director. There are no material legal proceedings to which any of our directors is a party adverse to us or any of our subsidiaries or in which any such person has a material interest adverse to us or any of our subsidiaries.

Executive Officers Who Are Not Directors

The following table identifies our executive officers who are not members of our Board, and sets forth their current positions at Dynatrace and their ages as of July 1, 2021.

Name	Position Held with Dynatrace	Officer Since	Age
Kevin Burns	Chief Financial Officer and Treasurer	2016	51
Stephen J. Pace	Senior Vice President, Worldwide Sales	2016	61
Bernd Greifeneder	Senior Vice President, Chief Technology Officer	2014	49

Kevin Burns has served as our Chief Financial Officer and Treasurer since September 2016. Mr. Burns was also the Treasurer and Secretary of SIGOS LLC, an affiliate of Dynatrace, until July 2018. Prior to his role at Dynatrace, Mr. Burns was the President, Chief Financial Officer and Chief Operating Officer of iCAD Inc. (Nasdaq: ICAD) from April 2011 until September 2016. From April 2008 until May 2010, Mr. Burns was Senior Vice President, Chief Financial Officer of AMICAS, Inc. (Nasdaq: AMCS), and he was the Vice President of Finance and Corporate Development from November 2004 until March 2008. Mr. Burns holds a B.S. from Babson College and an M.B.A. from Babson College's Franklin W. Olin Graduate School of Business.

Stephen J. Pace has served as our Senior Vice President, Global Sales since March 2016. Prior to this, Mr. Pace was the Senior Vice President, Global Sales for Raytheon Cyber Products, Inc., a subsidiary of Raytheon Company (NYSE: RTN), from January 2014 until February 2016. Prior to his role at Raytheon, Mr. Pace was Executive Vice President of Global Sales and Advisory Board Member at Rapid Focus Security, Inc. (d/b/a Pwnie Express), from January 2013 until January 2014 and he remained an advisor to the company until November 2019. He has also held various North American and Global Sales and Marketing roles with Seagate Software (acquired by Veritas), GeoTrust (acquired by Verisign), NaviSite (acquired by Time Warner), and IBM (NYSE: IBM). Mr. Pace holds a B.S. in Electrical Engineering, with honors, from Pennsylvania State University and has been an Advisory Board member since 2008 in the College of Information Science and Technology at Pennsylvania State University.

Bernd Greifeneder has served as our Senior Vice President, Chief Technology Officer since December 2014. Mr. Greifeneder co-founded dynaTrace Software GmbH in 2005, where he was the Chief Executive Officer until 2008, and the Chief Technology Officer until December 2014. Prior to this, Mr. Greifeneder held a variety of roles at Segue Software Inc. from January 1998 to February 2005, including Project Lead, Chief Technology Officer of Global Technologies and Chief Software Architect. Mr. Greifeneder holds a B.S. in Computer Science and an M.S. in Computer Science from Johannes Kepler Universität Linz, Austria.

The principal occupation and employment during the past five years of each of our executive officers was carried on, in each case except as specifically identified above, with a corporation or organization that is not a parent, subsidiary or other affiliate of us. There is no arrangement or understanding between any of our executive officers and any other person or persons pursuant to which he was or is to be selected as an executive officer. There are no material legal proceedings to which any of our executive officers is a party adverse to us or any of our subsidiaries or in which any such person has a material interest adverse to us or any of our subsidiaries.

CORPORATE GOVERNANCE

Certain Sponsor Rights

We have a relationship with our equity sponsor, Thoma Bravo, LLC, or Thoma Bravo, who has made significant equity investments in us. As of July 1, 2021, Thoma Bravo beneficially owned 84,298,270 shares of our common stock, representing approximately 29.7% of our common stock. During 2021, 2020 and 2019, Messrs. Boro, Virnig, Zuber and Lines each served on our Board as nominees of Thoma Bravo.

Our charter provides that for so long as Thoma Bravo beneficially owns at least (i) 20% (but less than 30%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate a number of directors to our board equal to the lowest whole number that is greater than 30% of the total number of directors (but in no event fewer than two directors); (ii) 10% (but less than 20%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate a number of directors to our board equal to the lowest whole number that is greater than 20% of the total number of directors (but in no event fewer than one director); and (iii) at least 5% (but less than 10%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate one director to our board. As of July 1, 2021, pursuant to our charter, Thoma Bravo is entitled to nominate three of our directors. Our charter provides that when Thoma Bravo beneficially owns less than 30% of our outstanding shares of common stock, the Chair of our board will be selected by a majority of our directors, and Ms. Ward was selected as Chair by a majority of our directors.

Director Nomination Process

Our Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become members of our Board, consistent with criteria approved by our board, and recommending such persons to be nominated for election as directors, except where we are legally required by contract, law or otherwise to provide third parties with the right to nominate.

The process followed by our Nominating and Corporate Governance Committee to identify and evaluate director candidates includes requests to board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by management, recruiters, members of the committee and our board. The qualifications, qualities and skills that our Nominating and Corporate Governance Committee believes must be met by a committee-recommended nominee for a position on our Board are as follows:

- High standards of personal and professional ethics and integrity.
- Proven achievement and competence in the nominee's field and the ability to exercise sound business judgment.
- Skills, background and experience that are complementary to those of the existing board.
- The ability to assist and support management and make significant contributions to our success.
- An understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities.

The Nominating and Corporate Governance Committee will consider candidates properly recommended by security holders holding at least three (3%) of our common stock continuously for at least twenty four (24) months before the date of the recommendation. Any such proposals should be submitted to our corporate secretary at our principal executive offices no later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the one-year anniversary of the date of the preceding year's annual meeting and should include appropriate biographical and background material to allow the Nominating and Corporate Governance Committee to properly evaluate the potential director candidate and the number of shares of our stock beneficially owned by the stockholder proposing the candidate. Stockholder proposals should be addressed to Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, MA 02451, Attention: Corporate Secretary. Assuming that biographical and background material has been provided on a timely basis in accordance with our bylaws, any recommendations received from stockholders will be evaluated in the same manner as potential nominees proposed by the Nominating and Corporate Governance Committee. If our Board directors determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included on our proxy card for the next annual meeting of stockholders. See "Stockholder Proposals" for a discussion of submitting stockholder proposals.

Director Independence

Our Board has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our Board has determined that none of our directors (other than Mr. Van Siclen) has any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the listing standards of the New York Stock Exchange (NYSE). In making these determinations, our Board considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our Board deemed relevant in determining their independence and eligibility to serve on the committees of our Board, including the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Board Committees

Our Board has established a standing Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and a Cybersecurity Committee. Each of these committees operates under a charter that satisfies the applicable standards of the SEC and NYSE, if any. Each committee reviews its respective charter at least annually. As a result of the Nominating and Corporate Governance Committee's annual review of its charter, the Nominating and Corporate Governance Committee proposed certain amendments to its charter to the Board, which the Board approved.

A current copy of the charter for each of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Cybersecurity Committee is posted on the governance section of our website, ***https://ir.dynatrace.com/corporate-governance***. We have adopted a Code of Business Conduct and Ethics that applies to our Board and all of our officers and employees. In addition, we have adopted Corporate Governance Guidelines that formalize certain fundamental board policies and practices. Both of these documents are posted on the governance section of our website, ***https://ir.dynatrace.com/corporate-governance***.

Audit Committee

Stephen Lifshatz, James K. Lines, and Jill Ward serve on the Audit Committee, which is chaired by Mr. Lifshatz. Mr. Lines is not standing for re-election at the annual meeting, and as a result, his term as a director will end at the annual meeting, and Steve Rowland will replace Mr. Lines on the Audit Committee at that time. Our Board has determined that each member of the Audit Committee, including Mr. Rowland, is "independent" for Audit Committee purposes as that term is defined in the rules of the SEC and the applicable NYSE rules, and each has sufficient knowledge in financial and auditing matters to serve on the Audit Committee. Our Board has designated Mr. Lifshatz as an "Audit Committee financial expert," as defined under the applicable rules of the SEC. During the fiscal year ended March 31, 2021, the Audit Committee met eight times. The report of the Audit Committee is included in this proxy statement under "Report of the Audit Committee." The Audit Committee's responsibilities include:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm to audit our financial statements;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing our policies on risk assessment and risk management;
- reviewing related party transactions; and
- approving or, as required, pre-approving auditing and permissible non-audit services, other than de minimis non-audit services, and the terms of such services, to be performed by our independent registered public accounting firm.

Compensation Committee

Michael Capone, Stephen Lifshatz and James K. Lines serve on the Compensation Committee, which is chaired by Mr. Capone. Mr. Lines is not standing for re-election at the annual meeting, and as a result, his term as a director will end at the annual meeting, and he will be replaced by Kirsten Wolberg on the Compensation Committee at that time. Our Board has determined that each member of the Compensation Committee, including Ms. Wolberg, meets the requirements of a "non-employee director" pursuant to Rule 16b-3 under the Exchange Act, and is "independent" for Compensation Committee purposes as that term is defined in the applicable SEC and NYSE rules. During the fiscal year ended March 31, 2021, the Compensation Committee met three times. The Compensation Committee's responsibilities include:

- reviewing and approving the goals and objectives relating to the compensation of our executive officers, including any long-term incentive components of our compensation programs;
- evaluating the performance of our executive officers in light of goals and objectives of our compensation programs and determining each executive officer's compensation based on such evaluation;
- reviewing and approving, subject, if applicable, to stockholder approval, our executive compensation programs;
- reviewing the operation and efficacy of our executive compensation programs in light of their goals and objectives;
- reviewing and assessing risks arising from our compensation programs;
- reviewing and recommending to the Board the appropriate structure and amount of compensation for our directors;
- reviewing and approving, subject, if applicable, to stockholder approval, material changes in our employee benefit plans; and
- establishing and periodically reviewing policies for the administration of our equity compensation plans.

Nominating and Corporate Governance Committee

Paul Zuber, Michael Capone, and Kenneth “Chip” Virnig serve on the Nominating and Corporate Governance Committee, which is chaired by Mr. Zuber. Our Board has determined that each member of the Nominating and Corporate Governance Committee is “independent” for Nominating and Corporate Governance Committee purposes as that term is defined in the rules of the SEC and the applicable NYSE rules. The Nominating and Corporate Governance Committee’s responsibilities include:

- identifying, evaluating and recommending qualified persons to serve on our Board;
- considering and making recommendations to our Board regarding the composition and chairs of the committees of our Board;
- developing and making recommendations to our Board regarding corporate governance guidelines and matters and periodically reviewing such guidelines and recommending any changes;
- overseeing annual evaluations of our Board’s performance, including committees of our Board and management; and
- providing oversight of the Company’s strategy, policies, practices and reporting regarding environmental, social, and governance matters.

The Nominating and Corporate Governance Committee considers candidates for membership to our Board suggested by our board members, including our chief executive officer. Additionally, in selecting nominees for directors, the Nominating and Corporate Governance Committee will review candidates properly recommended by stockholders in the same manner and using the same general criteria as candidates recruited by the committee and/or recommended by our Board. Any stockholder who wishes to recommend a candidate for consideration by the committee as a nominee for director should follow the procedures described in this proxy statement under the heading “Stockholder Proposals.” The Nominating and Corporate Governance Committee will also consider whether to nominate any person proposed by a stockholder in accordance with the provisions of our bylaws relating to stockholder nominations as described later in this proxy statement under the heading “Stockholder Proposals.”

Identifying and Evaluating Director Nominees. Our Board is responsible for filling vacancies on our Board and for nominating candidates for election by our stockholders each year in the class of directors whose term expires at the relevant annual meeting. Our Board delegates the selection and nomination process to the Nominating and Corporate Governance Committee, with the expectation that other members of the Board, and of management, will be requested to take part in the process as appropriate.

Generally, the Nominating and Corporate Governance Committee identifies candidates for director nominees in consultation with other members of our Board, with management, through the use of search firms or other advisors, through the recommendations submitted by stockholders or through such other methods as the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. True Capital Partners, LLC has been retained to assist in identifying candidates for director nominees. Once candidates have been identified, the Nominating and Corporate Governance Committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the Nominating and Corporate Governance Committee deems to be appropriate in the evaluation process. The Nominating and Corporate Governance Committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of our Board. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for the Board’s approval to fill a vacancy or as director nominees for election to the Board by our stockholders each year in the class of directors whose term expires at the relevant annual meeting. During the fiscal year ended March 31, 2021, the Nominating and Corporate Governance Committee did not meet formally, but met frequently in an informal basis and made recommendations to the board during board meetings, and took other actions through written consent.

Cybersecurity Committee

Paul Zuber, Michael Capone, Kenneth “Chip” Virnig and Kirsten Wolberg serve on the Cybersecurity Committee, which is chaired by Mr. Zuber. The Cybersecurity Committee’s responsibilities primarily include providing oversight of our policies, plans, and programs relating to cybersecurity and data protection risks associated with our products, services, and business operations; providing feedback on cybersecurity related matters, including but not limited to strategies, objectives, capabilities, initiatives, and policies; and oversight of other tasks related to our cybersecurity functions. From August 2019 to January 2021, the Cybersecurity Committee was a subcommittee of the Audit Committee. The Cybersecurity Committee was reconstituted as a committee of the Board in January 2021, and did not formally meet during the remainder of the fiscal year ended March 31, 2021.

Board and Committee Meetings Attendance

Our Board met eighteen times during fiscal year 2021. During fiscal year 2021, each member of the Board attended in person or participated in 75% or more of the aggregate of (i) the total number of meetings of the Board (held during the period for which such person has been a director) and (ii) the total number of meetings held by all committees of the Board on which such person served (during the periods that such person served).

Director Attendance at Annual Meeting of Stockholders

Directors are responsible for attending the annual meeting of stockholders to the extent practicable. Six out of eight of our then-serving directors attended our 2020 annual meeting.

Policy on Trading, Pledging and Hedging of Company Stock

Certain transactions in our securities (such as purchases and sales of publicly traded put and call options, and short sales) create a heightened compliance risk or could create the appearance of misalignment between management and stockholders. In addition, securities held in a margin account or pledged as collateral may be sold without consent if the owner fails to meet a margin call or defaults on the loan, thus creating the risk that a sale may occur at a time when an officer or director is aware of material, non-public information or otherwise is not permitted to trade in our securities. Our insider trading policy expressly prohibits short sales and derivative transactions of our stock by our officers, directors, employees and certain designated consultants and contractors, including short sales of our securities and the purchase or sale of puts, calls, or other derivative securities of the company or any derivative securities that provide the economic equivalent of ownership. Any waiver of this policy requires the approval of our Audit Committee. To date, no such requests have been made or approved.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A current copy of the code is posted on the governance section of our website, which is located at ***https://ir.dynatrace.com/corporate-governance***. We intend to disclose any amendment or waiver of a provision of our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, or persons performing similar functions, by posting such information on our website available at ***https://ir.dynatrace.com*** and/or in our public filings with the SEC.

Board Leadership Structure and Board's Role in Risk Oversight

Currently, the role of board chair is separated from the role of chief executive officer. We believe that separating these positions allows our chief executive officer to focus on our day-to-day business, while allowing the chair of the board to lead the Board of Directors in its fundamental role of providing advice to, and independent oversight, of management. Our Board recognizes the time, effort, and energy that the chief executive officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our chair, particularly as the Board's oversight responsibilities continue to grow. While our bylaws and our corporate governance guidelines do not require that our chair and chief executive officer positions be separate, our Board believes that having separate positions is the appropriate leadership structure for us at this time and demonstrates our commitment to good corporate governance.

Risk is inherent to every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including risks relating to our financial condition, development and commercialization activities, operations, strategic direction, and intellectual property. Management is responsible for the day to day management of risks we face, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The role of our Board in overseeing the management of our risks is conducted primarily through committees of the Board, as disclosed in the descriptions of each of the committees above and in the charters of each of the committees. The Audit Committee has undertaken a comprehensive enterprise risk management program to identify, prioritize as to likelihood and magnitude, and continuously monitor the various risks that we face and how they are being addressed. The full Board (or the appropriate board committee in the case of risks that are under the purview of a particular committee) discusses with management our major risk exposures, their potential impact on us, and the steps we take to manage them. When a board committee is responsible for evaluating and overseeing the management of a particular risk or risks, the chair of the relevant committee reports on the discussion to the full Board. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Environmental, social and governance (ESG) commitments

We are committed to making a positive global impact today and will continue to assess and enhance our environmental, social and governance (ESG) strategy and disclosures to meet the needs of our stakeholders moving forward. This additional information below related to our ESG initiatives is supplemental to both the information included in this Corporate Governance section and the information contained in our Annual Report on Form 10-K under the heading " Human Capital Management – Diversity and Inclusion".

We have adopted a human rights policy based on international standards, and global approaches to environmental sustainability, diversity and inclusion. Our expectations in these areas for suppliers are also reflected in our supplier code of conduct, adopted in July 2021. These commitments and policies are available at ***https://www.dynatrace.com/company/sustainability/***.

As noted elsewhere in the proxy, our ESG strategy and related disclosures are under the oversight of the Nominating and Corporate Governance Committee of the Board as reflected in its charter and reviewed at least annually and more frequently as needed.

Environmental

Minimizing our carbon footprint is important to our customers, employees, and stockholders. Dynatrace is committed to protecting the environment by monitoring and managing our business operations to better understand and continuously improve our impact on the environment. We strive to reuse or recycle our corporate IT equipment (computers, phones, etc.) across all our global office locations, and follow international guidelines for disposal of electronic waste. Asset recycling is completed through our third-party vendor, Dell Technologies, whose asset recovery services follow all local guidelines for asset disposal.

Several of our office locations, including our Waltham, MA headquarters, are powered by 100% renewable energy. All our office space is leased, and in retaining office space we prioritize space in LEED certified buildings (or a local equivalent). We are also investigating additional ways to prioritize clean energy, reduce water usage, and increase the adoption of environmentally sustainable practices.

Social

Global Inclusion & Diversity. We are focused on building an inclusive culture and sustaining a diverse workforce through a variety of company initiatives, such as training for employees around diversity and inclusion-related topics designed to create a culture of belonging. As we continue to grow, we embrace teammates with unique perspectives and backgrounds which allows us to broaden our ability to creatively problem-solve and develop products that work for our customers globally.

Additionally, Dynatrace continues to be recognized as an employer of choice earning awards around the globe in 2020 and 2021. Some notable awards include being named one of the Top 10 Highest-Rated Cloud Companies to Work For by Battery Ventures & Glassdoor; #1 IT company in Austria, #1 Company in Upper Austria and #6 Company overall in Austria ranked by Trend in cooperation with Statista, Kununu, and XING; Top Workplaces USA; BuiltIn Boston's Best Large Companies to Work For; and Detroit Free Press' Top Workplace list. Dynatrace was also honored in a number of categories by Comparably's workplace awards including Best CEOs, Best Company Outlook, Best Company Global Culture and Best Places to Work in Boston.

Community Involvement. We strive to be an active contributor in the communities where our employees, live and work. Dynatrace employees have the opportunity to participate in our volunteer paid time-off program and work with charitable organizations they are passionate about. Additionally, our regional office locations host volunteer days with valued local organizations.

Governance

Board Diversity. We believe it is essential to have directors representing diversity in many dimensions of background and experience. In 2021, Jill Ward was appointed the independent Board Chair and Kirsten Wolberg was added as a new independent director, increasing the representation of women on our Board.

Information Security

Information security has become one of the most valuable assets of modern businesses and protecting it, in an ever-changing threat landscape, requires a multi-tiered approach.

We are focused on security, compliance and privacy measures to meet industry and regulatory expectations to secure our customers' data. Dynatrace runs on the Amazon Web Services (AWS) cloud-computing service and benefits from Amazon's secure data centers, which are certified for ISO 27001, PCI-DSS Level 1, and SOC 1 / SSAE-16. We provide security awareness and data protection training and continuously hone our detection and response capabilities. We test the robustness of our platform through internal and external security assessments, including penetration tests conducted by certified independent auditors, maintaining a SOC2 Type II certification and FedRAMP authorization, and source code reviews.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee is or has been an officer or employee of our Company. None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or Compensation Committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our Board of Directors or Compensation Committee. See the section titled "Certain Relationships and Related Party Transactions" for information about related party transactions involving members of our Compensation Committee or their affiliates.

Communication with the Directors of Dynatrace

Any interested party with concerns about our company may report such concerns to our Board by submitting a written communication to the attention of the Board as a whole or to one or more individual directors by name, at the following address:

Dynatrace, Inc.
1601 Trapelo Road, Suite 116
Waltham, MA 02451
United States
Attn: General Counsel

Communications to the Board may also be sent to CorporateSecretary@dynatrace.com. You may also indicate whether you are a stockholder, customer, supplier, or other interested party.

We will forward such communication to each director to who such communication is addressed, and to the Chair of the Board in his or her capacity as representative of the Board. Our General Counsel will review these communications and reserves the right not to forward communications if they are deemed inappropriate, consist of individual grievances or other interests that are personal to the party submitting the communication and could not reasonably be construed to be of concert to stockholders or other constituencies of the Company, solicitations, advertisements, surveys, "junk" mail or mass mailings.

The Audit Committee oversees the procedures for the receipt, retention, and treatment of complaints received by Dynatrace regarding accounting, internal accounting controls, audit matters, fraud, financial misconduct or potential violations of our code of conduct, including the confidential, anonymous submission by employees of concerns regarding such matters. Dynatrace has also established a telephone number for the reporting of such activity, which is 800-916-7037 (toll free in the United States) or a complaining party may submit a confidential memorandum to the Audit Committee by sending a letter c/o Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, MA 02451; Attention: Audit Committee Chair.

Director Compensation

The table below presents the total compensation for each person who served as a non-employee director during fiscal year 2021. Directors may be reimbursed for travel and other expenses directly related to their activities as directors. Directors who also serve as employees receive no additional compensation for their service as directors. During fiscal year 2021, Mr. Van Siclen, our Chief Executive Officer, was a member of our Board, as well as an employee, and received no additional compensation for his services as a director. See the section titled "Executive Compensation" for more information about Mr. Van Siclen's compensation for fiscal year 2021. In addition, our non-employee directors receive an annual cash retainer payable quarterly, reflected below. For most of fiscal year 2021, half of our non-employee directors represented Thoma Bravo.

Name (1)	Fees Earned or Paid In Cash ($) (2)	Stock Award ($) (3)	All Other Compensation ($)	Total ($)
Seth Boro	42,500	200,600	—	243,100
Michael Capone (4)	55,963	200,600	—	256,563
Stephen Lifshatz	55,000	200,600	—	255,600
James K. Lines (5)	52,500	200,600	12,375 (6)	265,475
Kenneth "Chip" Virnig (4)(7)	44,296	200,600	—	244,896
Jill Ward (4)	51,738	200,600	—	252,338
Kirsten Wolberg (8)	1,700	401,450		403,150
Paul Zuber (4)(5)	55,000	200,600	—	255,600

(1) Messrs. Boro and Virnig are representatives of Thoma Bravo LLC and the Thoma Bravo Funds. Mr. Lines is a senior operating partner of Thoma Bravo LLC, and Mr. Zuber is an operating partner of Thoma Bravo LLC.
(2) Amounts represent cash compensation earned during fiscal year 2021 for services rendered by each member of the Board of Directors. The amounts are based on their service on the Board and each committee, pro-rated based on the days served during the 2021 fiscal year.
(3) The amounts represent the aggregate grant date fair value of restricted stock units granted to our directors during fiscal year 2021, computed in accordance with FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the restricted stock units reported in this column are set forth in Note 13 to our audited consolidated financial statements included in our Annual Report on Form 10-K, as filed with the SEC on May 28, 2021. As of March 31, 2021, each of Messrs. Boro, Lines, Virnig, and Zuber held 5,000 unvested restricted stock units, each of Messrs. Capone and Lifshatz held 20,625 unvested restricted stock units and Ms. Ward held 16,962 unvested restricted stock units. Upon joining the Board, Ms. Wolberg received an initial grant of 7,400 unvested restricted stock units, all of which are unvested as of March 31, 2021.
(4) Effective January 22, 2021, Ms. Ward was appointed Chair of the Board, and the Cybersecurity Committee was formed and Messrs. Zuber, Capone and Virnig were appointed to that Committee. Each received a retainer upon their appointment pro-rated for the days served during the 2021 fiscal year.
(5) Messrs. Lines and Zuber are not employees of Thoma Bravo LLC, its affiliates or the Thoma Bravo Funds. Messrs. Lines and Zuber are considered independent contractors of Thoma Bravo and may have business or investment activities unrelated to Thoma Bravo.
(6) This amount is for healthcare benefits paid through December 31, 2020.

(7) Mr. Virnig resigned from the Audit Committee effective August 1, 2020.
(8) Ms. Wolberg was appointed to the Board and Cybersecurity Committee on March 17, 2021. Ms. Wolberg received an initial equity grant upon joining the Board and a retainer pro-rated for the days served during the 2021 fiscal year.

Non-Employee Director Compensation Policy

Our Non-Employee Director Compensation Policy is designed to ensure that the compensation of non-employee directors aligns the directors' interests with the long-term interests of the stockholders, that the structure of the compensation is simple, transparent and easy for stockholders to understand and that our directors are fairly compensated. Employee directors do not receive additional compensation for their services as directors. This policy is also intended to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors.

Under the policy, upon initial election or appointment to the Board, new non-employee directors shall receive a restricted stock unit award with a value of $400,000 (which may be pro-rated at the discretion of the Board), 25% of which will vest upon the one year anniversary of the grant date and the balance will vest ratably over twelve equal quarterly installments, or the Initial Grant. In each subsequent year of a non-employee director's tenure, the non-employee director will receive a restricted stock unit award with a value of $200,000, which will vest in full upon the earlier to occur of the first anniversary of the grant date or the date of the next annual meeting of stockholders. Vesting of any equity award will cease if a director resigns from our Board or otherwise ceases to serve as a director, unless the Board determines that circumstances warrant continuation of vesting. In addition, all such awards are subject to full accelerated vesting upon the change in control of our Company (as defined in the policy).

In addition, each non-employee director is paid an annual retainer of $35,000 for their services. Such cash retainers are paid in quarterly installments, and may be pro-rated based on the number of actual days served by the director during such calendar quarter. Ms. Ward, as Chair of the Board, receives an annual retainer of $35,000 (pro-rated from her appointment on January 22, 2021).

Committee members also receive additional annual retainers. These additional payments for service on a committee are due to the workload and broad-based responsibilities of the committees. These committee retainers are as follows:

Committee	Member Annual Fee	Chair Annual Fee
Audit Committee	$ 10,000	$ 20,000
Compensation Committee	$ 7,500	$ 15,000
Nominating and Corporate Governance Committee	$ 5,000	$ 10,000
Cybersecurity Committee	$ 5,000	$ 10,000

Director Ownership Guidelines

In July 2021, our Board of Directors adopted equity ownership guidelines to further align the interests of our directors with those of our stockholders. Under the guidelines, our directors are expected to hold common stock valued at a multiple of five (5) times their current annual cash retainer fee for board service within five (5) years of becoming subject to the guidelines. For purposes of these guidelines, stock ownership only includes shares for which the director has direct or indirect ownership or control, but does not include unexercised stock options, unvested restricted stock units and other unvested, unsettled and/or unexercised equity awards.

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information, and subject to compliance with the terms of our insider trading policy.

PROPOSAL NO. 2 – RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS DYNATRACE'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2022

Our stockholders are being asked to ratify the appointment by the Audit Committee of the Board of BDO USA, LLP as our independent registered public accounting firm to perform the auditor of our consolidated financial statements, including internal controls over financial reporting, for the fiscal year ending March 31, 2022. BDO USA, LLP has served as independent registered public accounting firm for Dynatrace since 2015.

The Audit Committee is solely responsible for selecting Dynatrace's independent registered public accounting firm for the fiscal year ending March 31, 2022. Stockholder approval is not required to appoint BDO USA, LLP as Dynatrace's independent registered public accounting firm. However, the Board believes that submitting the appointment of BDO USA, LLP to the stockholders for ratification is good corporate governance. If the stockholders do not ratify this appointment, the Audit Committee will reconsider whether to retain BDO USA, LLP. If the selection of BDO USA, LLP is ratified, the Audit Committee, at its discretion, may direct the appointment of a different independent registered public accounting firm at any time it decides that such a change would be in the best interest of Dynatrace, Inc. and its stockholders.

A representative of BDO USA, LLP is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she desires to do so and to respond to appropriate questions from our stockholders.

Dynatrace incurred the following fees from BDO USA, LLP for the audit of the consolidated financial statements and for other services provided during the years ended March 31, 2021 and 2020.

	2021	2020
Audit fees (1)	$ 3,464,501	$ 2,717,754
Audit related fees (2)	$ 30,025	$ 23,049
Tax fees (3)	$ 73,521	$ 68,343
All other fees	—	—
Total fees	$ 3,568,047	$ 2,809,146

(1) Audit fees consist of fees for professional services performed for the audit of our annual consolidated financial statements and the required review of quarterly consolidated financial statements and other procedures performed by the independent registered accounting firm in order for them to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent registered accounting firm in connection with statutory and regulatory filings or engagements, including SEC registration statements associated with offerings.

(2) Audit-related fees consist of fees for assurance and related services that traditionally are performed by independent registered accounting firm that are reasonably related to the performance of the audit or review of the financial statements. Audit related fees in the above table represent fees related to certain services associated with statutory financial statements for our international subsidiaries.

(3) Tax fees consist of fees for all professional services performed by professional staff in our independent registered accounting firm's tax division, except those services related to the audit of our consolidated financial statements. These include fees for tax compliance, tax planning and tax advice, including federal, state and local issues. Services may also include assistance with tax audits and appeals before the IRS and similar state and local agencies, as well as federal, state and local tax issues related to due diligence.

Audit Committee Pre-approval Policy and Procedures

Our Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy provides that we will not engage our independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by our Audit Committee or the engagement is entered into pursuant to the pre-approval procedure described below, except for services for which the aggregate cost is below a specified de minimus dollar amount.

From time to time, our Audit Committee may pre-approve specified types of services that are expected to be provided to us by our independent registered public accounting firm during the next 12 months. Any such pre-approval details the particular service or type of services to be provided and is also generally subject to a maximum dollar amount.

During our 2021 and 2020 fiscal years, no services were provided to us by BDO USA, LLP other than in accordance with the pre-approval policies and procedures described above.

Our Board recommends voting "FOR" Proposal No. 2 to ratify the appointment of BDO USA, LLP as Dynatrace's independent registered public accounting firm for the fiscal year ending March 31, 2022.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is a committee of the Board comprised solely of financially literate independent directors as required by the listing standards of the New York Stock Exchange and the rules and regulations of the SEC. The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to (1) the integrity of our financial statements and financial reporting process and systems of internal controls regarding finance, accounting, and compliance with legal and regulatory requirements, (2) the qualifications, independence, and performance of our independent registered public accounting firm, (3) the performance of our internal audit function, if any, and (4) other matters as set forth in the charter of the Audit Committee approved by the Board.

Management is responsible for the preparation of our financial statements and the financial reporting process, including its system of internal control over financial reporting and its disclosure controls and procedures. The independent registered public accounting firm is responsible for performing an audit of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes as more specifically set forth in its charter.

In connection with these responsibilities, the Audit Committee reviewed and discussed with management and the independent registered public accounting firm our audited consolidated financial statements for the fiscal year ended March 31, 2021. The Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by the PCAOB's Auditing Standard No. 1301, *Communication with Audit Committees*. In addition, the Audit Committee received written communications from the independent registered public accounting firm confirming their independence as required by the applicable requirements of the PCAOB and has discussed with the independent registered public accounting firm their independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2021 that was filed with the SEC.

THE AUDIT COMMITTEE OF THE BOARD OF
DIRECTORS OF DYNATRACE, INC.
Stephen Lifshatz, Chairman
James K. Lines
Jill Ward

The information contained in this report shall not be deemed to be (1) "soliciting material," (2) "filed" with the SEC, (3) subject to Regulations 14A or 14C of the Exchange Act, or (4) subject to the liabilities of Section 18 of the Exchange Act. This report shall not be deemed incorporated by reference into any of our other filings under the Exchange Act or the Securities Act of 1933, as amended, or the Securities Act, except to the extent that we specifically incorporate it by reference into such filing. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

PROPOSAL NO. 3 – NON-BINDING, ADVISORY VOTE ON THE FREQUENCY OF ADVISORY VOTES ON NAMED EXECUTIVE OFFICER COMPENSATION

The Dodd-Frank Act enables our stockholders to indicate how frequently they believe we should seek an advisory vote on the compensation of our named executive officers. We are seeking a non-binding, advisory determination from our stockholders as to the frequency with which stockholders would have an opportunity to provide a non-binding, advisory approval of the compensation of our named executive officers. We are providing stockholders the option of selecting a frequency of every year ("1 YEAR" on the proxy card), every two years ("2 YEARS" on the proxy card) or every three years ("3 YEARS" on the proxy card), or to abstain on the matter.

After careful consideration, our Board recommends that an advisory vote on named executive compensation should be held annually. Annual votes will provide our Board and the Compensation Committee with clearer feedback regarding the compensation of our named executive officers. The primary focus of the disclosure of the compensation of our named executive officers required to be included in our proxy statements is compensation granted in or for the prior fiscal year. Accordingly, an annual executive compensation advisory vote will complement the annual focus of our proxy statement disclosure and provide our Board and the Compensation Committee with the clearest and most timely feedback of the three frequency options. Additionally, an annual named executive compensation advisory vote is consistent with our policy of reviewing our compensation programs annually, as well as considering input from our stockholders on corporate governance and executive compensation matters. This feedback may then be considered by the Board and the Compensation Committee in their annual decision-making process. For these reasons, we believe an annual vote would be the best governance practice for our Company at this time.

This vote is advisory, and therefore not binding on our Board or Compensation Committee. However, our Board and Compensation Committee value the opinions of our stockholders and intend to take into account the outcome of the vote when considering the frequency of holding future advisory votes on the compensation of our named executive officers.

Vote Required

Stockholders will not be voting to approve or disapprove of the recommendation of our Board. The proxy card provides stockholders with the opportunity to choose among four options with respect to this proposal (holding the vote every one, two or three years, or abstaining). The frequency that receives the highest number of votes from the voting power of shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote thereon will be deemed to be the frequency selected by our stockholders.

As an advisory vote, this proposal will not be binding on us, our Board or our Compensation Committee in any way. As such, the results of the vote will not be construed to create or imply any change to the fiduciary duties of our Board. Our Board may decide that it is in the best interests of us and our stockholders to hold a non-binding, advisory vote on our named executive officer compensation more or less frequently than the option approved by our stockholders. Notwithstanding the non-binding, advisory nature of this vote, our Board values the opinions of our stockholders, and will consider the outcome of the vote when setting the frequency of the non-binding, advisory vote on named executive compensation.

Our Board recommends voting for "1 YEAR" on Proposal No. 3 as the preferred frequency for future non-binding, advisory stockholder votes regarding the compensation of the named executive officers.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes the Company's executive compensation program as it relates to the following "named executive officers":

- John Van Siclen, our Chief Executive Officer
- Kevin Burns, our Senior Vice President, Chief Financial Officer
- Stephen J. Pace, our Senior Vice President, Worldwide Sales
- Bernd Greifeneder, our Senior Vice President, and Chief Technology Officer

The following discussion should be read together with the compensation tables and related disclosures set forth below.

Executive Summary

Business Overview and Fiscal Year 2021 Performance Highlights

We are a growing, global technology company that delivers the market-leading software intelligence platform, purpose-built for dynamic, multi-cloud environments. The goal of our compensation programs is to ensure that the interests of our employees, including our named executive officers, are aligned with the interests of our stockholders and our business goals and that the total compensation paid to each of our named executive officers is fair, reasonable and competitive.

During fiscal year 2021, we made significant progress on our business goals, with strong results across all our key operating metrics, including the following achievements that impacted executive compensation:

- Annual Recurring Revenue*, our leading top line metric for the business, was $774 million, growing 35% year-over-year;
- Total revenue was $704 million, representing 29% year-over-year growth;
- Subscription revenue, now 93% of total revenue, growing 34% year-over-year; and
- Non-GAAP operating income * was $207 million, or 29% of revenue, with Non-GAAP earnings per share* of $0.63 per diluted share.

- * See below under the heading "*A Note on non-GAAP Measures & Key Metrics*".

We provide our executive officers with a significant portion of their compensation through cash incentive compensation determined based upon the achievement of financial performance metrics, as well as through equity compensation. These two elements of executive compensation are aligned with the interests of our stockholders because the amount of compensation ultimately received will be directly related to our financial and operational performance. Equity compensation derives its value from the appreciation of shares of our common stock, which in the future is likely to fluctuate based on our financial and operational performance.

As described in more detail below, under the heading "*Fiscal Year 2021 Annual Incentive Program*," based on our performance during fiscal year 2021, our Compensation Committee and Board of Directors determined that we achieved over 100% of our company goals for fiscal year 2021.

A Note on Non-GAAP Measures & Key Metrics

As further described below, our executives are in certain ways measured and rewarded based on the Company's or their personal achievement of certain non-GAAP financial measures, including Adjusted EBITDA and non-GAAP operating income, and certain operational metrics, such as Annual Recurring Revenue. A reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure, are provided in Appendix A, "*Reconciliation of Non-GAAP Measures*".

Adjusted EBITDA is defined as Net Income (loss) adjusted by removing the impact of our capital structure (net interest income or expense from our outstanding debt), asset base (depreciation and amortization), tax consequences, restructuring and other gains and losses, transaction and sponsor related costs, gains and losses on foreign currency, stock-based compensation and employer payroll tax expense related equity incentive plans.

Non-GAAP Operating Income is defined as operating income adjusted to exclude share-based compensation, employer payroll taxes on employee stock transactions, amortization of other intangibles and certain restructuring and other gains and losses.

Annual Recurring Revenue is defined as the daily revenue of all subscription agreements that are actively generating revenue as of the last day of the reporting period multiplied by 365. We exclude from our calculation of total Annual Recurring Revenue any revenues derived from month-to-month agreements and/or product usage overage billings.

Fiscal Year 2021 Executive Compensation Program Highlights

Highlights of our fiscal year 2021 executive compensation program include:

- Base salaries that are competitive with those offered by our peer companies;
- Annual cash bonuses contingent on the achievement of corporate financial performance, targeted at a percentage of each executive's base salary, with payout on a sliding scale depending upon the degree to which we achieve our corporate financial goals;
- Equity awards, comprised of a combination of restricted stock units and stock options, the value of which rises as our stock price rises, and that align the interests of our executives with those of our stockholders; and
- Competitive benefits that enable our executives to maintain their health and welfare, and to save for their retirement.

Fiscal Year 2022 Executive Compensation Program

In April 2021, in order to more closely tie the compensation of our executive officers to Company performance, and consistent with our pay-for-performance philosophy, we introduced performance-based RSUs ("PSUs") into our fiscal 2022 equity program for our executives. We intend for PSUs to continue to be a component of our executive incentive compensation in future years.

Annual 2022 PSUs

For annual equity awards to our executives in fiscal year 2022, our Compensation Committee granted 50% of the awards in the form of time-based RSUs, and 50% in the form of PSUs (the "Annual 2022 PSUs"). The number of shares that may be earned pursuant to the Annual 2022 PSUs is based 60% upon the Company's achievement of an annual recurring revenue ("ARR") target, and 40% upon the Company's achievement of a non-GAAP operating income (as defined above under the heading *Executive Summary – A Note on Non-GAAP Measures & Key Metrics*) target. The weighting, payout threshold and maximum percentages with respect to the Annual 2022 PSUs are set forth below:

	Threshold (% of Target)	**Maximum (% of Target)**	**Weight**
ARR	95%	110%	60%
Non-GAAP Operating Income	90%	120%	40%
Payout Limits	**50%**	**150%**	

The targeted ARR growth for the Annual 2022 PSUs reflects a level of achievement that we believe would exceed investor expectations and drive significant stockholder value creation.

No Annual 2022 PSUs will be earned with respect to any metric if the applicable "Threshold" is not achieved, and the overall number of shares that may be earned shall not exceed 150% of the target award. Once any of the Annual 2022 PSUs are earned, they are then also subject to time-based vesting, with 25% of the earned Annual 2022 PSUs vesting on the first anniversary of the grant date, and with the remainder vesting in twelve equal quarterly installments over the following three years.

Special PSUs

In April 2021, our Compensation Committee granted a one-time special PSU grant to our executives (the "Special PSUs"). These grants were awarded in recognition of the importance of retaining our executives over the long-term. The Special PSUs vest in three equal installments, with one-third of the Special PSUs eligible to vest on each of the first three anniversaries of the date of grant, subject to the Company's achievement of an ARR target for the specified fiscal year and provided that the executive officer remains employed by the Company through the applicable vesting date. The payout threshold and maximum percentages with respect to the Special PSUs is set forth below:

	Threshold (95% of ARR Target)	**Maximum (110% of ARR Target)**
Payout Limits per Year	50%	150%

The targeted ARR growth for the Special PSUs reflects a level of achievement that we believe would exceed investor expectations and drive stockholder value creation. Our Compensation Committee considers the Special PSUs a valuable tool for retaining and motivating executives through a critical phase of our Company's growth, building on the significant stockholder value creation from our Initial Public Offering ("IPO") in 2019 and providing incentive for growth in the upcoming time horizon.

No Special PSUs will vest with respect to any year if the Company fails to achieve 95% of the applicable target ARR for that year, and the overall number of shares that may be issued pursuant to the Special PSUs with respect to any year shall not exceed 150% of the target award for such year. The Special PSUs are not carried forward from year to year – if the Special PSUs are not earned in any given year, they are terminated for that year.

Overview of Executive Compensation Program

Executive Compensation Philosophy and Objectives

Our executive compensation program is guided by our overarching philosophy of paying for demonstrable performance. Consistent with this philosophy, we have designed our executive compensation program to achieve the following primary goals:

- attract, motivate and retain top-performing senior executives;
- establish compensation opportunities that are competitive and reward performance; and
- align the interests of our senior executives with the interests of our stockholders to drive the creation of sustainable long-term value.

Executive Compensation Program Design

Our executive compensation program is designed to be reasonable and competitive, and balance our goal of attracting, motivating, rewarding and retaining top-performing senior executives with our goal of aligning their interests with those of our stockholders. The Compensation Committee annually evaluates our executive compensation program to ensure that it is consistent with our short-term and long-term goals and the dynamic nature of our business.

The compensation of our named executive officers in fiscal year 2021 consisted of the following elements:

	Purpose	Features
Base salary	To provide a fair and competitive base level of compensation for services rendered	Fixed annual salary targeted at or above the 50th percentile of our peer group
Annual Short-Term Incentive Compensation	To motivate and reward for achievements relative to our goals and expectations for each fiscal year	Annual cash bonus with payment of a targeted amount contingent on achievement of corporate financial results, with payout on a sliding scale depending on over or under-achievement of corporate financial results
Equity Incentive Compensation	To align executives' interests with those of our stockholders and provide an incentive for our executives to remain with us	Combination of restricted stock units and stock options that vest over time. With stock options, our executives can realize value only to the extent that the market price of our common stock increases
Other Benefits	To provide market-competitive benefits to enable our executives to maintain their health and welfare, and to save for their retirement	Benefit plans such as medical, dental, and life and disability insurance plans; 401(K) plan; we do not provide material executive perquisites or supplemental executive benefits

In addition to our direct compensation elements, the following features of our compensation program are designed to align our executive team with stockholder interests and with market best practices:

What We Do	What We Don't Do
✓Maintain an industry-specific peer group for benchmarking pay	× Allow hedging or pledging of equity
✓Target pay based on market norms	× Allow for re-pricing of stock options
✓Deliver executive compensation primarily through performance-based pay (cash and equity)	× Provide excessive perquisites
✓Offer market-competitive benefits for executives that are consistent with the rest of our employees	× Provide supplemental executive retirement plans
✓Consult with an independent compensation consultant on compensation levels and practices	× Provide tax gross-up payments for any change-of-control payments

Governance of Executive Compensation Program

Role of our Compensation Committee and Board of Directors

The Compensation Committee discharges many of the responsibilities of our Board of Directors relating to the compensation of our executive officers, including our named executive officers. The Compensation Committee oversees and evaluates our compensation and benefits policies generally, and the compensation plans, policies and practices applicable to our CEO and other executive officers. As described below, the Compensation Committee retains a compensation consultant to provide support in its review and assessment of our executive compensation program.

At the beginning of each fiscal year, the Compensation Committee reviews and approves the primary elements of compensation including, base salary increases, annual cash bonuses, and annual equity awards—for each of our named executive officers. In addition, the Compensation Committee may deem it advisable to review and approve subsequent compensation opportunities for our executive officers, including our named executive officers.

Role of our Chief Executive Officer and Other Executive Officers

Our senior human resources and legal executives support the Compensation Committee in designing our executive compensation program and analyzing competitive market practices. In addition, members of management, including our CEO, regularly participate in Compensation Committee meetings to provide input on our compensation philosophy and objectives.

Our CEO also evaluates the performance of our executive officers and provides recommendations to our Compensation Committee regarding the compensation of our executive officers (other than with respect to his own compensation). The Compensation Committee reviews and discusses these recommendations and proposals with our CEO and uses them as one factor in determining and approving the compensation for our Named Executive Officers. None of our executive officers attends any portion of Compensation Committee meetings at which his or her compensation is discussed.

Role of the Compensation Consultant

For fiscal year 2021, our Compensation Committee engaged Compensia as its independent compensation consultant, to advise on executive compensation matters including: overall compensation program design, peer group development and updates, and benchmarking executive officer and board of director compensation programs. Compensia reports directly to our compensation committee. Our compensation committee has assessed the independence of Compensia consistent with NYSE listing standards and has concluded that the engagement of Compensia does not raise any conflict of interest.

Use of Competitive Market Data and Peer Groups

The Compensation Committee directs Compensia to provide it with competitive market data and analysis based on a select group of peers and companies and published compensation survey data, as well as information about current market practices and trends, compensation structures and peer group compensation ranges. The competitive market data Compensia provides is based on a compensation peer group selected and approved by the Compensation Committee with input and guidance from Compensia and published compensation survey data in cases where there is insufficient data for specific executive positions with the peer group companies. The compensation peer group is comprised of companies that are considered similar to us at the time of selection based on industry, business focus, and various financial criteria, including revenue, profitability, market capitalization and revenue growth rate.

Based on these criteria, our peer group for fiscal year 2021, as approved by our Compensation Committee, was comprised of the following 16 companies:

Alteryx	Cornerstone OnDemand	New Relic	Proofpoint
Aspen Technology	HubSpot	Paycom Software	PTC
Ceridian HCM Holding	Mimecast	Paylocity Holding	Qualys
Cloudera	MongoDB	Pegasystems	SolarWinds

We believe that the compensation practices of our fiscal year 2021 peer group provided us with appropriate compensation data for evaluating the competitiveness of the compensation of our named executive officers during 2021.

Notwithstanding the similarities of the 2021 peer group to Dynatrace, due to the nature of our business and our industry, we compete for executive talent with many public companies that are larger and more established than we are or that possess greater resources than we do, and with smaller private companies that may be able to offer greater equity compensation potential. In fiscal 2021, our Compensation Committee generally targeted cash compensation for our executive officers at or above the 50th percentile of our 2021 peer group and long-term incentive compensation at or above the 50th percentile of our 2021 peer group. Although the Compensation Committee and the Board of Directors targeted compensation per the above, they also considered other criteria, including market factors, the experience level of the executive and the executive's performance against established company and individual goals, in determining variations to this general target range.

Compensation-Setting Factors

Our Board of Directors and Compensation Committee review compensation annually for all our executive officers. In setting executive base salaries and bonuses and granting equity incentive awards, the Compensation Committee and the Board of Directors consider compensation for comparable positions in the market, the historical compensation levels of our executives, company-wide and individual performance as compared to our expectations and objectives, our desire to motivate our employees to achieve short and long-term results that are in the best interests of our stockholders, and the desire to incent a long-term commitment to our Company. We target a general competitive position, based on independent third-party benchmark analytics to inform the mix of base salary, bonus and long-term equity incentives.

Our Compensation Committee has historically determined our executives' compensation. Our Compensation Committee typically reviews and discusses management's proposed compensation with the Chief Executive Officer for all executives other than the Chief Executive Officer. Based on those discussions and its discretion, taking into account the factors noted above, the Compensation Committee discusses and ultimately approves the base salaries and cash incentive bonuses for our executive officers without members of management present. The Compensation Committee also reviews its decisions with the full Board of Directors, and considers any input received.

When reviewing and approving the amount of each compensation element and the target total compensation opportunity for our executive officers, the Compensation Committee considers the following factors:

- our performance against the annual corporate goals established by the Compensation Committee and our Board of Directors in consultation with management;
- each executive officer's skills, experience and qualifications relative to other similarly-situated executives at the companies in our compensation peer group;
- the scope of each executive officer's role compared to other similarly-situated executives at the companies in our compensation peer group;
- the performance of each individual executive officer, based on an assessment of his or her contributions to our overall performance, ability to lead his or her department and work as part of a team, all of which reflect our core values;
- compensation parity among our executive officers;
- our retention goals;
- our financial performance relative to our peers;
- the compensation practices of our compensation peer group and the positioning of each executive officer's compensation in a ranking of peer company compensation levels; and
- the recommendations provided by our CEO with respect to the compensation of our other executive officers.

These factors provide the framework for compensation decisions for each of our executive officers, including our named executive officers. The Compensation Committee does not assign relative weights or rankings to these factors, and do not consider any single factor as determinative in the compensation of our executive officers. Rather, the Compensation Committee and our Board of Directors, as applicable, rely on their own knowledge and judgment in assessing these factors and making compensation decisions.

Consideration of Say-On-Pay Advisory Vote

In prior years, we were an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, as amended; therefore, we were not required to hold a non-binding, advisory vote on the compensation of our named executive officers (a “Say-on-Pay” vote). We will hold our first Say-on-Pay vote at our 2022 annual meeting. Because we value the opinions of our stockholders, the Board of Directors and the Compensation Committee will consider the outcome of the “Say-on-Frequency” vote described in Proposal No. 3 of this Proxy Statement and the related Say-on-Pay vote at our 2022 annual meeting, as well as feedback received throughout the year, when making compensation decisions for our executive officers in the future.

Primary Elements of Executive Compensation Program

Base Salary

We provide base salaries to our named executive officers to compensate them with a fair and competitive base level of compensation for services rendered during the year. Typically, at the beginning of each fiscal year, the Compensation Committee reviews base salaries for our executive officers, including our named executive officers, to determine if an increase is appropriate. In addition, base salaries may be adjusted in the event of a promotion or significant change in responsibilities. Our Compensation Committee has historically determined our executives’ base salaries. Our Compensation Committee typically reviews and discusses management’s proposed compensation with the chief executive officer for all executives other than the chief executive officer.

Fiscal 2021 Base Salary

In the first quarter of fiscal 2021, having concern for the potential disruption to our business that appeared possible as a result of the COVID-19 pandemic, our Compensation Committee decided to defer evaluation of our executive officers' cash compensation (base and bonus) until the effect of the pandemic on our business was better understood. In the second quarter of fiscal 2021, after considering the anticipated effect of the COVID-19 pandemic on our business, our Compensation Committee approved merit increases in base salary for Messsrs. Burns and Greifeneder, effective August 1, 2020. The table below sets forth the adjustments to base salary for each of our named executive officers:

Name	Fiscal Year 2020 Base Salary ($)	Fiscal Year 2021 Base Salary ($)	% Change
John Van Siclen	575,000	575,000	— %
Kevin Burns	385,000	415,000	7.79 %
Stephen Pace	400,000	400,000	— %
Bernd Greifeneder[(1)]	330,900	361,482	9.24 %

(1) For Mr. Greifeneder, the amounts reported are based on an exchange rate of EUR 1.00:USD $1.172 as of March 31, 2021 and EUR 1.00:USD $1.103 as of March 31, 2020 as set forth on Bloomberg.

Annual Short-Term Incentive Plan

Our cash incentive bonus plan motivates and rewards our executives for achievements relative to our goals and expectations for each fiscal year. Each named executive officer has a target bonus opportunity, defined as a percentage of his annual base salary. Following the end of each fiscal year, our Compensation Committee makes recommendations with respect to, and our Board of Directors approves, annual cash incentive bonuses for our named executive officers. The dominant considerations in determining cash incentive bonuses is our financial performance relative to our plan and achievement of corporate objectives for the year; but our Compensation Committee also considers the individual executive’s handling of unplanned events and opportunities; and the Chief Executive Officer’s input with respect to the performance of our Company and other executives.

Target Annual Bonuses

At the beginning of each fiscal year, the Compensation Committee reviews and approves the target annual bonus for each of our executive officers, including our named executive officers. The Compensation Committee considers the factors described in “Governance of Executive Compensation Program—Compensation-Setting Factors” above, with an emphasis on market data from our compensation peer group for comparable positions. Target annual bonuses are determined with respect to the same corporate objectives and formula for all of our executive officers, including our named executive officers, who are at the same level, and represent a specific percentage of annual base salary (except that for Mr. Pace a portion of his bonus is determined with respect to the Company's worldwide bookings).

Fiscal Year 2021 Corporate Performance Targets

When designing the Company's executive bonus plan for the 2021 fiscal year (the "2021 Bonus Plan"), the Compensation Committee determined that the 2021 Bonus Plan should align the interests of our executives with those of our investors, and reward performance that would increase the value of the Company to our stockholders. Accordingly, in April 2020, the Compensation Committee decided that payments under the 2021 Bonus Plan would depend on the Company's achievement of Revenue and Adjusted EBITDA (as defined above under the heading *Executive Summary – A Note on Non-GAAP Measures & Key Metrics*) targets for fiscal 2021, with each measure weighed 50%, as follows:

	Threshold			Maximum		
Measure	**Percentage**	**Value ($000s)**	**On-Target Value ($000s)**	**Percentage**	**Value ($000s)**	**Weighting**
Revenue	90%	594,016	660,018	120%	792,021	50%
Adjusted EBITDA	90%	169,251	188,057	120%	225,668	50%

Under the 2021 Bonus Plan, no bonus was payable with respect to a particular measure (Revenue or Adjusted EBITDA) if the percentage achievement was below the threshold (90%) for the applicable target. If either Revenue or Adjusted EBITDA was achieved at 90% of the target, the payout with respect to that measure was 50% of the target bonus. The maximum total payout, if the Company achieved 120% or more of both targets combined, could not exceed 150% of the executives' on-target bonuses.

Actual Achievement	Payout
Below 90%	0%
100%	100%
120% or greater	150%

For Mr. Pace, 30% of his on-target bonus was determined as provided under the 2021 Bonus Plan, and 70% of his bonus was determined as a commission on the Company's total bookings, as follows:

Achievement Range		Commission Rate	
Percentage	**Bookings ($ M)**	**Rate**	**Renewals & Conversions Rate**
0 – 100%	0 – 275	0.0732%	0.0278%
100 – 105%	275 – 289	0.0915%	
105% – 110%	289 – 303	0.1098%	
110+%	303+	0.1281%	

The applicable commission percentage was determined according to cumulative bookings, and commissions were earned on the rate applicable for only the portion of the annual quota attained on a per-tier basis, even if the value of a single transaction crossed multiple bands. The higher commission rates were not applied retroactively to the lower tiers. For purposes of Mr. Pace's commission plan, “bookings” was, for each contract signed with a customer during the fiscal 2021, the total amount payable under over the entire term of the contract divided by the total number of days in the term of the contract, then multiplied by 365.

Fiscal Year 2021 Target Annual Bonuses

In the first quarter of fiscal 2021, having concern for the potential disruption to our business that appeared possible as a result of the COVID-19 pandemic, our Compensation Committee decided to defer evaluation of our executive officers' cash compensation (base and bonus) until the effect of the pandemic on our business was better understood. In July, 2020, after considering the anticipated effect of the pandemic on our business, the Compensation Committee reviewed the base salaries and target annual bonuses of our executive officers, including our named executive officers. The Compensation Committee considered the factors described in “Governance of Executive Compensation Program—Compensation-Setting Factors” above, particularly the market data from the companies in the compensation peer group, and approved the fiscal year 2021 target annual bonuses of our named executive officers below:

Named Executive Officer	Fiscal Year 2020 Target Bonus (% of base Salary)	Fiscal Year 2021 Target Bonus (% of base Salary)
John Van Siclen	100%	100%
Kevin Burns	60%	70%
Stephen Pace (1)	100%	100%
Bernd Greifeneder	60%	60%

(1) Mr. Pace's bonuses for both fiscal years 2020 and 2021 were targeted at 100% of his base salary, of which 30% was based on the same corporate objectives as the other executive officers, and 70% was based on bookings.

Fiscal Year 2021 Annual Cash Bonuses

In April 2021, the Compensation Committee determined that the Company had achieved an average of 111% of its corporate goals, and 108% of its bookings goals, described above under *Fiscal Year 2021 Corporate Performance Targets* for the fiscal year ended March 31, 2021, as follows:

Performance Measure	Target (000s)	Achievement (000s)	Achievement %	Payout %
Revenue	$660,018	$703,509	106.6%	116.5%
Adjusted EBITDA	$188,057	$218,155	116.0%	140.0%
Bookings	$278,100	$300,091	107.9%	115.9%

In light of such achievement, the percentage of base salary and the actual cash incentive bonus amounts as a percentage of base salary were approved by our Compensation Committee and paid to our named executive officers with respect to performance against the corporate performance measures (Revenue and Adjusted EBITDA) in fiscal year 2021 are set forth in the table below.

Named Executive Officer	Fiscal Year 2021 Target Cash Incentive Award (% of 2021 Base Salary)	Fiscal Year 2021 Target Cash Incentive Award Opportunity ($)	Fiscal Year 2021 Cash Incentive Award Payment ($)	Fiscal Year 2021 Actual Cash Incentive Award Payment (% of 2021 Target Cash Incentive Award Opportunity)
John Van Siclen	100%	575,000	737,392	128%
Kevin Burns	70%	290,500	372,543	128%
Stephen Pace [(1)]	30%	120,000	153,891	128%
Bernd Greifeneder	60%	216,890	278,144	128%

(1) In addition, Mr. Pace earned $324,542 in commissions in fiscal 2021, representing 70% of the portion of his incentive compensation based on achievement of the bookings target.

Long-Term Incentives

Our long-term program is designed to:

- align executives' interests with those of our stockholders by providing incentives (stock options) that will only have value if our share price rises;
- align executives' interests with those of our stockholders by providing incentives (restricted stock units) that will increase in value if our share price rises; and
- provide a meaningful incentive for our executives to remain with us for the long-term.

The market for qualified and talented executives in the is highly competitive and we compete for talent with many companies that have greater resources than we do. Accordingly, we believe equity compensation is a crucial component of any competitive executive compensation package we offer.

Equity Awards: Restricted Stock Units and Stock Options

We grant restricted stock units and stock options to our executives to align their interests with those of our stockholders and as an incentive to remain with us. The value of these awards is entirely dependent on the price of our common stock. With stock options, our executives can realize value only to the extent that the market price of our common stock increases during the period following the grant of the option and while the option is outstanding.

In May 2020, in recognition of achievements and performance during fiscal year 2020 and in order to align our executives' interests with those of our stockholders and provide financial incentives for our executives to remain with the Company, our Compensation Committee approved the grant of time-vested restricted stock awards and stock options under our 2019 Equity Incentive Plan (the "2019 Plan") to each of our named executive officers. The option exercise price of all stock options is equal to the fair market value of our common stock on the date of grant. Each of the time-based stock awards, both restricted stock units and stock options, granted to our named executive officers in fiscal year 2021 vests over four years, with 25% of the shares vesting on the first anniversary of the date of grant and the remainder vesting in twelve equal quarterly installments over the following three years, provided that the executive officer remains employed by the Company through the applicable vesting date. The following table sets forth the number of shares of common stock issuable upon exercise of time-based stock options granted to our named executive officers in fiscal year 2021:

Named Executive Officer	Grant Date	Option Award (# Shares)	Time-Based RSUs (# Shares)
John Van Siclen	May 15, 2020	283,600	107,600
Kevin Burns	May 15, 2020	118,200	44,900
Stephen Pace	May 15, 2020	118,200	44,900
Bernd Greifeneder	May 15, 2020	106,400	40,400

Benefits and Other Compensation

Health and Welfare Benefits

Our executive officers, including our named executive officers, are eligible to participate in the same employee benefit plans that are generally available to all of our employees working in the same country, subject to the satisfaction of certain eligibility requirements, such as medical, dental, and life and disability insurance plans. We pay, on behalf of our employees, all or a portion of the premiums for health, life and disability insurance.

401(k) Plan

We maintain a tax-qualified 401(k) retirement plan for eligible employees in the United States to save for retirement on a tax advantaged basis. Under our 401(k) plan, employees may elect to defer up to 90% of their eligible compensation subject to applicable annual limits set pursuant to the Internal Revenue Code. Our 401(k) plan permits participants to make both pre-tax and certain after-tax (Roth) deferral contributions. The retirement plan is intended to qualify under Section 401(a) of the Internal Revenue Code. We match 50% of employees' contributions to the 401(k) Plan up to 6% of compensation. Employees are 100% vested in their contributions to the 401(k) plan.

Perquisites

Currently, we do not view perquisites or other personal benefits as a significant component of our executive compensation program. Accordingly, we do not provide perquisites to our named executive officers. In the future, we may provide perquisites or other personal benefits in limited circumstances, such as where we believe it is appropriate to assist an individual named executive officer in the performance of his or her duties, to make him more efficient and effective, and for recruitment, motivation or retention purposes.

Other Benefits

We do not offer any defined benefit pension plans or non-qualified deferred compensation arrangements for our employees.

Employment Agreements

In August 2019, we entered into employment agreements with each of our named executive officers, which provide assurances of specified benefits to our named executive officers in the event of an involuntary termination of their employment for reasons other than for death, disability, or in the case of cause or a voluntary termination of their employment for good reason, in either case, under the circumstances described in their employment agreements. The terms of these agreements were developed with input from

Compensia regarding severance practices at comparable companies, and is designed to attract, retain and reward senior level employees.

We believe that these protections serve our retention objectives by helping our named executive officers and other key employees maintain continued focus and dedication to their responsibilities to maximize stockholder value, including in the event of a transaction that could result in a change in control of the Company. For more information, see the section titled "*Potential Payments Upon Termination or Change in Control"*.

Other Compensation Practices and Policies

Executive Stock Ownership Guidelines

In July 2021, our Board of Directors adopted equity ownership guidelines to further align the interests of our executive officers with those of our stockholders. Under the guidelines, our chief executive officer is expected to hold common stock valued at a multiple of five (5) times his base salary and our other executive officers are expected to hold common stock valued at a multiple of two (2) times their base salary. For purposes of these guidelines, stock ownership only includes shares for which the executive has direct or indirect ownership or control, but does not include unexercised stock options, unvested restricted stock units and other unvested, unsettled and/or unexercised equity awards. Executives are expected to meet their ownership guidelines within five (5) years of becoming subject to the guidelines.

Clawback Policy

In July 2021, our Board of Directors adopted a compensation recovery, or "clawback," policy providing that, in the event of a restatement of financial results due to material non-compliance by the Company with any financial reporting requirement under the federal securities laws, the Compensation Committee will review the facts and circumstances that led to the obligation to file the restatement, including whether an executive officer engaged in misconduct that contributed to our obligation to file the restatement. Depending on the outcome of this review, the Company may recover from our executive officers all excess incentive-based compensation received by our executive officers during the three-year period preceding the date on which our Board of Directors determines that we are required to prepare a restatement. Excess compensation means the value of the incentive compensation (cash bonus and equity awards) received by an executive officer during the three-year period preceding the publication of the restated financial statement to the extent that the Compensation Committee determines that then value received was in excess of the amount that such executive officer would have received had such incentive compensation been calculated based on the financial results reported in the restated financial statement. If the amount of any such incentive-based compensation would have been lower had the level of achievement of the applicable financial performance metric(s) been calculated based on the restated financial results, the Compensation Committee, in its sole discretion and to the extent permitted by applicable law, may require that an executive officer repay the incremental portion of such incentive-based compensation.

Policy on Pledging and Hedging of Company Stock

Certain transactions in our securities (such as purchases and sales of publicly traded put and call options, and short sales) create a heightened compliance risk or could create the appearance of misalignment between management and stockholders. In addition, securities held in a margin account or pledged as collateral may be sold without consent if the owner fails to meet a margin call or defaults on the loan, thus creating the risk that a sale may occur at a time when an officer or director is aware of material, non-public information or otherwise is not permitted to trade in our securities. Our insider trading policy expressly prohibits short sales and derivative transactions of our stock by our officers, directors, employees and certain designated consultants and contractors, including short sales of our securities and the purchase or sale of puts, calls, or other derivative securities of the company or any derivative securities that provide the economic equivalent of ownership. Any waiver of this policy requires the approval of our Audit Committee. To date, no such requests have been made or approved.

Policy Regarding the Timing of Equity Awards.

We do not have a formal equity award grant policy, and have adopted the following practices and procedures. We do not time our equity grants either to take advantage of a depressed stock price, or an anticipated increase in stock price, and we have limited the amount of discretion that can be exercised in connection with the timing of awards. We generally make awards only on pre-determined dates to ensure that equity awards cannot be timed to take advantage of material, non-public information. In addition, beginning in April 2021, our program calls for the number of shares subject to awards being granted to be determined by the trailing 30-day average closing price of our common stock.

If extraordinary circumstances arise such that the Compensation Committee or the Board determines it is advisable to grant an equity award at a time other than as set forth above, the Compensation Committee may consider and approve any such grant. Grants of equity awards for new hires or promotions are generally made once per month, by unanimous written consent of our Compensation Committee, effective on the fifteenth day of each month. Grants of equity awards to current employees (other than in connection with a promotion) will generally be made, if at all, on an annual basis during our first fiscal quarter, effective on May 15 either at a meeting of the Compensation Committee, which meeting will be established in advance with notice to the Compensation Committee in accordance with the Compensation Committee charter, or by unanimous consent in writing.

Tax and Accounting Considerations

Deductibility of Executive Compensation

Generally, Section 162(m) of the Internal Revenue Code ("Section 162(m)") disallows a federal income tax deduction for public corporations of remuneration in excess of $1 million paid in any fiscal year to certain specified executive officers. For taxable years beginning before January 1, 2018 (i) these executive officers consisted of a public corporation's chief executive officer and up to three other executive officers (other than the chief financial officer) whose compensation is required to be disclosed to stockholders under the Securities Exchange Act of 1934, as amended, because they are our most highly-compensated executive officers and (ii) qualifying "performance-based compensation" was not subject to this deduction limit if specified requirements are met.

Pursuant to the Tax Cuts and Jobs Act of 2017, for taxable years beginning after December 31, 2017, the remuneration of a public corporation's chief financial officer is also subject to the deduction limit. In addition, subject to certain transition rules (which apply to remuneration provided pursuant to written binding contracts which were in effect on November 2, 2017 and which are not subsequently materially modified), for taxable years beginning after December 31, 2017, the exemption from the deduction limit for "performance-based compensation" is no longer available. Consequently, for fiscal years beginning after December 31, 2017, all remuneration in excess of $1 million paid to a specified executive will not be deductible.

In designing our executive compensation program and determining the compensation of our executive officers, including our named executive officers, the Compensation Committee considers a variety of factors, including the potential impact of the Section 162(m) deduction limit. However, the Compensation Committee will not necessarily limit executive compensation to that which is or may be deductible under Section 162(m). The Compensation Committee will consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent consistent with its compensation goals. The Compensation Committee believes that our stockholders' interests are best served if its discretion and flexibility in awarding compensation is not restricted, even though some compensation awards may result in non-deductible compensation expense.

Taxation of "Parachute" Payments

Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to significant additional taxes if they receive payments or benefits in connection with a change in control of the company that exceeds certain prescribed limits, and that the company (or a successor) may forfeit a deduction on the amounts subject to this additional tax. We have not agreed to provide any executive officer, including any named executive officers, with a "gross-up" or other reimbursement payment for any tax liability that the executive officer might owe as a result of the application of Sections 280G or 4999 of the Code.

Section 409A of the Internal Revenue Code

Section 409A of the Code imposes additional significant taxes in the event that an executive officer, director or service provider receives "deferred compensation" that does not satisfy the requirements of Section 409A of the Code. Although we do not maintain a nonqualified deferred compensation plan, Section 409A of the Code may apply to certain severance arrangements, bonus arrangements and equity awards. We structure all our severance arrangements, bonus arrangements and equity awards in a manner to either avoid the application of Section 409A or, to the extent doing so is not possible, to comply with the applicable requirements of Section 409A of the Code.

Accounting for Stock-Based Compensation

We follow Financial Accounting Standards Board Accounting Standards Codification Topic 718 Compensation—Stock Compensation ("ASC 718") for our stock-based compensation awards. ASC 718 requires us to measure the compensation expense for all share-based payment awards made to our employees and non-employee members of our Board of Directors, including options to purchase shares of our common stock and other stock awards, based on the grant date "fair value" of these awards. This calculation is performed for accounting purposes and reported in the executive compensation tables required by the federal securities laws, even though the recipient of the awards may never realize any value from their awards.

Compensation Risk Assessment

We believe that our executive compensation program does not encourage excessive or unnecessary risk taking. As described more fully above, we structure our pay to consist of both fixed and variable compensation, particularly in connection with our pay-for-performance compensation philosophy. We believe this structure motivates our executives to produce superior short- and long-term results that are in the best interests of our Company and stockholders in order to attain our ultimate objective of increasing stockholder value, and we have established, and our Compensation Committee endorses, several controls to address and mitigate compensation related risk. As a result, we do not believe that our compensation programs are reasonably likely to have a material adverse effect on us.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management. Based on the review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in this proxy statement, which is incorporated by reference in our annual report on Form 10-K for the fiscal year ended March 31, 2021.

THE COMPENSATION COMMITTEE OF THE BOARD
OF DIRECTORS OF DYNATRACE, INC.
Michael Capone, Chairman
Stephen Lifshatz
James K. Lines

The information contained in this report shall not be deemed to be (1) "soliciting material," (2) "filed" with the SEC, (3) subject to Regulations 14A or 14C of the Exchange Act, or (4) subject to the liabilities of Section 18 of the Exchange Act. This report shall not be deemed incorporated by reference into any of our other filings under the Exchange Act or the Securities Act, except to the extent that we specifically incorporate it by reference into such filing.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table presents the compensation awarded to, earned by and paid during the fiscal years ended March 31, 2021, 2020 and 2019 for each of our named executive officers.

	Year	Salary ($)	Stock Awards ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	All other compensation ($)	Total ($)
John Van Siclen,	2021	575,000	3,554,028	3,566,695	737,392	15,500[4]	8,448,615
Chief Executive Officer	2020	575,000	1,328,000	3,503,089	575,000	33,463	6,014,552
	2019	555,000	—	—	555,000	22,938	1,132,938
Kevin Burns,	2021	405,000	1,483,047	1,486,542	372,543	11,698[5]	3,758,830
Chief Financial Officer	2020	385,000	704,000	1,875,071	231,000	19,019	3,214,090
	2019	375,000	—	—	206,250	24,717	605,967
Stephen J. Pace,	2021	400,000	1,483,047	1,486,542	493,014[6]	15,366[7]	3,877,969
Senior Vice President, Worldwide Sales	2020	400,000	608,000	1,602,679	392,349[6]	28,956	3,031,984
	2019	375,000	—	—	408,273[6]	26,891	810,164
Bernd Greifeneder	2021	357,953[8]	1,334,412	1,338,140	278,144[8]	—	3,308,649
Chief Technology Officer							

(1) The amounts reported in this column reflect the aggregate grant date fair value of restricted stock units granted to our Named Executive Officers during the fiscal years ended March 31, 2021 and 2020, computed in accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the restricted stock units reported in this column are set forth in Note 13 to our audited consolidated financial statements included in the Annual Report on Form 10-K filed with the SEC on May 28, 2021. The amounts reported in this column reflect the accounting cost for these stock awards, and may not correspond to the actual economic value that will be received by the Named Executive Officers upon vesting of the awards.

(2) The amounts reported in this column reflect the aggregate grant date fair value of stock options granted to our Named Executive Officers during the fiscal years ended March 31, 2021 and 2020, computed in accordance with FASB ASC Topic 718. Such aggregate grant date fair value does not take into account any estimated forfeitures related to service-vesting conditions. The assumptions used in calculating the grant date fair value of the restricted stock units reported in this column are set forth in Note 13 to our audited consolidated financial statements included in the Annual Report on Form 10-K filed with the SEC on May 28, 2021. The amounts reported in this column reflect the accounting cost for these options, and may not correspond to the actual economic value that will be received by the Named Executive Officers upon vesting of the awards.

(3) The amounts reported in this column, except as otherwise described below, represent bonuses paid under our Annual Short-Term Incentive Plan based on company performance during the fiscal years ended March 31, 2021, 2020 and 2019.

(4) Amounts reported for fiscal year 2021 represent $12,069 in 401(k) plan matching contributions and $3,431 in disability insurance premiums.

(5) Amounts reported for fiscal year 2021 represent $8,775 in 401(k) plan matching contributions and $2,923 in disability insurance premiums.

(6) Amount reported for fiscal 2021 includes $324,542 earned by Mr. Pace pursuant to his sales commission plan during fiscal year 2021, and includes and additional $14,581 earned in fiscal 2020 but paid in fiscal 2021. Amounts reported include $272,349 and $295,773 earned by Mr. Pace pursuant to his sales commission plan during fiscal year 2020 and 2019, respectively.

(7) Amounts reported for fiscal year 2021 represent $11,744 in 401(k) plan matching contributions and $3,622 in disability insurance premiums.

(8) For Mr. Greifeneder, the USD amounts are based on an exchange rate of 1 EUR:USD 1.172 for the reporting period as set forth on Bloomberg.

Grants of Plan-Based Awards for Fiscal Year 2021

The following table shows information regarding grants of plan-based awards during the fiscal year ended March 31, 2021 to the Company's named executive officers.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All other Stock Awards: Number of Shares of Stock or units (#)	All other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant date fair value of Stock and Option Awards
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold ($)	Target ($)	Maximum ($)				
John Van Siclen		287,500	575,000	862,500	—	—	—				
	5/15/2020							—	283,600	33.03	3,566,695
	5/15/2020							107,600	—	—	3,554,028
Kevin Burns		145,250	290,500	435,750	—	—	—				
	5/15/2020							—	118,200	33.03	1,486,542
	5/15/2020							44,900	—	—	1,483,047
Stephen Pace		60,000	120,000	180,000	—	—	—				
	5/15/2020							—	118,200	33.03	1,486,542
	5/15/2020							44,900	—	—	1,483,047
Bernd Greifeneder		108,445	216,890	325,335	—	—	—				
	5/15/2020							—	106,400	33.03	1,338,140
	5/15/2020							40,400	—	—	1,334,412

Outstanding Equity Awards at 2021 Fiscal Year End Table

The following table presents information regarding all outstanding equity-based awards held by each of our named executive officers on March 31, 2021.

		Option Awards				Stock Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable (1)	Option Exercise Price ($)	Option Expiration Date	Vesting Start Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3)
John Van Siclen	7/31/2019	207,377	345,623(4)	16	7/31/2029					
	5/15/2020	—	283,600	33.03	5/15/2030					
						7/31/2019	51,875(5)	2,502,450	—	—
						5/15/2020	107,600.00	5,190,624	—	—
Kevin Burns	7/31/2019	111,000	185,000(4)	16	7/31/2029					
	5/15/2020	—	118,200	33.03	5/15/2030					
						7/31/2019	27,500(5)	1,326,600	—	—
						5/15/2020	44,900	2,165,976	—	—
Stephen J. Pace	7/31/2019	—	158,123(4)	16	7/31/2029					
	5/15/2020	—	118,200	33.03	5/15/2030					
						7/31/2019	23,750(5)	1,145,700	—	—
						5/15/2020	44,900	2,165,976	—	—
Bernd Greifeneder	7/31/2019	91,127	151,873(4)	16	7/31/2029					
	5/15/2020		106,400	33.03	5/15/2030					
						7/31/2019	22,500(5)	1,085,400	—	—
						5/15/2020	40,400	1,948,896	—	—

(1) The stock options become vested and exercisable as follows: 25% of each award will vest on the first anniversary of the grant date and the remainder in 12 equal quarterly installments thereafter.
(2) The restricted stock units vest over fours years, with 25% vesting on the first anniversary of the grant date and the remainder in 12 equal quarterly installments thereafter.
(3) Represents the fair market value of shares that were unvested as of March 31, 2021. The fair market value is based on the closing price on March 31, 2021 of $48.24 per share.
(4) The stock options become vested and exercisable as follows: 25% of each award vested on August 15, 2020 and then 1/12th of the balance vests on each quarterly anniversary thereafter, such that 100% of the award will be vested on the fourth anniversary of August 15, 2019.
(5) The restricted stock units granted to our Named Executive Officers on July 31, 2019 vest and settle over four years, with 25% vesting on August 15, 2020 and the remainder vesting in 12 equal quarterly installments thereafter.

Option Exercises and Stock Vested in Fiscal Year 2021

The following table sets forth, for each of the named executive officers, information with respect to the exercise of stock options and the vesting of restricted stock unit awards during the year ended March 31, 2021.

	Option Awards		Stock Awards	
Name	**Number of shares acquired on exercise (#)**	**Value realized on exercise ($)(1)**	**Numbers of shares acquired on vesting (#)**	**Value realized on vesting ($)(2)**
John Van Siclen	—	—	31,125	1,234,427
Kevin Burns	—	—	85,249	3,332,125(3)
Stephen Pace	94,877	3,306,463	14,250	565,155
Bernd Greifeneder	—	—	13,500	535,410

(1) Amount disclosed in this column was calculated based on the difference between the fair market value of our common stock on the date of exercise and the exercise price of the options.
(2) Amounts disclosed in this column were calculated based on the fair market value of our common stock on the date upon which the restricted stock awards vested or, if the vesting date is not a trading day, based upon the closing price on the last trading day immediately preceding the vesting date.
(3) Includes 68,749 shares held by The Kevin C. Burns Irrevocable Non-Grantor Trust of 2018.

Potential Payments Upon Termination or Change of Control

Employment Agreements or Offer Letters with Named Executive Officers

We initially entered into employment agreements with each of the named executive officers in connection with his employment with us, which set forth the terms and conditions of employment of each individual, including base salary, target annual bonus opportunity and standard employee benefit plan participation. Effective upon our initial public offering in August 2019, we entered into new employment agreements with each of Messrs. Van Siclen, Pace and Burns, which replaced each named executive officer's existing employment offer letters and other employment arrangements, as described below.

In addition, each of our named executive officers has entered into an agreement with us which contains protections of confidential information, requires the assignment of inventions and contains other restrictive covenants.

John Van Siclen

John Van Siclen is party to an employment agreement with us that became effective in August 2019. This employment agreement has no specific term and constitutes at-will employment. Mr. Van Siclen's current annual base salary is $575,000, which is subject to change from time to time by our Board of Directors in its discretion. Mr. Van Siclen is also eligible to receive an annual bonus based upon the achievement of business metrics established by our Compensation Committee under and subject to the terms of our annual short-term incentive plan. Mr. Van Siclen's current target bonus is 100% of his base salary and is subject to review and change from time to time by our Board of Directors in its discretion. Mr. Van Siclen is also entitled to participate in all employee benefit plans and vacation policies in effect for our U.S. employees.

Kevin Burns

Kevin Burns is party to an employment agreement with us that became effective in August 2019. This employment agreement has no specific term and constitutes at-will employment. Mr. Burns' current annual base salary is $415,000, which will be reviewed annually and is subject to change from time to time by our Compensation Committee in its discretion. Mr. Burns is also eligible to receive an annual bonus based upon the achievement of business metrics established by our Compensation Committee under and subject to the terms of our annual short-term incentive plan. Mr. Burns' current target bonus is 70% of his base salary and is subject to review and change from time to time by our Board of Directors in its discretion. Mr. Burns is also entitled to participate in all employee benefit plans and vacation policies in effect for our U.S. employees.

Stephen Pace

Stephen Pace is party to an employment agreement with us that became effective in August 2019. This employment agreement has no specific term and constitutes at-will employment. Mr. Pace's current annual base salary is $400,000, which will be reviewed annually and is subject to change from time to time by our Compensation Committee in its discretion. Mr. Pace is also eligible to receive an annual bonus 70% of which is based upon sales commissions, and 30% of which is based upon the achievement of business metrics established by our Compensation Committee under and subject to the terms of our annual short-term incentive plan. Mr. Pace's current target bonus, including both sales commissions and amounts earned under our short-term incentive plan, is 100% of his base salary and is subject to review and change from time to time by our Board of Directors in its discretion. Mr. Pace is also entitled to participate in all employee benefit plans and vacation policies in effect for our U.S. employees.

Bernd Greifeneder

Bernd Greifeneder is party to an employment agreement with us that became effective in August 2019. This employment agreement has no specific term. Mr. Greifeneder's current annual base salary is $361,482, which will be reviewed annually and is subject to change from time to time by our Compensation Committee in its discretion. Mr. Greifeneder is also eligible to receive an annual bonus based upon the achievement of business metrics established by our Compensation Committee under and subject to the terms of our annual short-term incentive plan. Mr. Greifeneder's current target bonus is 60% of his base salary and is subject to review and change from time to time by our Compensation Committee or Board of Directors in its discretion. Mr. Greifeneder is also entitled to participate in all employee benefit plans and vacation policies in effect for our Austrian employees.

Severance and Potential Payments Upon a Change in Control

Pursuant to the employment agreements with our named executive officers, if a named executive officer's employment is terminated by us without cause, or good cause as defined in the employment agreements, or by the named executive officer for good reason (for Mr. Greifeneder, good cause), as defined in the employment agreements, or in connection with a change of control as defined in the Dynatrace, Inc. 2019 Equity Incentive Plan and subject to the execution and effectiveness of a separation agreement, including a general release of claims in our favor, the named executive officers will be entitled to receive the benefits described below.

John Van Siclen

Pursuant to Mr. Van Siclen's employment agreement, in the event that Mr. Van Siclen's employment is terminated by us without cause, as such term is defined in his employment agreement, or if Mr. Van Siclen terminates his employment for good reason, as such term is defined in his employment agreement, and if he executes a separation and release agreement, we will be obligated to (i) pay him a cash severance payment equal to the sum of 12-months of his then-current base salary, the amount of any bonus earned in respect of the prior fiscal year that would have been paid if Mr. Van Siclen's employment had not been terminated and 100% of his target bonus for the then-current year, and (ii) continue for a period of 12-months to provide health insurance to Mr. Van Siclen as if Mr. Van Siclen had remained employed by us. If Mr. Van Siclen's employment with us is terminated by us without cause or Mr. Van Siclen terminates his employment for good reason either 3 months before or during the 12-month period after a change of control, and if he executes a separation and release agreement, he would be entitled to (i) a lump-sum cash severance payment equal to the sum of 24 months of Mr. Van Siclen's then-current base salary and the amount of any bonus earned in respect of the prior fiscal year that would have been paid if his employment had not been terminated, (ii) acceleration of all unvested equity awards, as of the later of (A) the date of termination or (B) the effective date of a separation and release agreement, and (iii) continue for a period of 18-months to provide health insurance to Mr. Van Siclen as if he had remained employed by us.

Kevin Burns

Pursuant to Mr. Burns' employment agreement, in the event that Mr. Burns' employment is terminated by us without cause, as such term is defined in his employment agreement, or if Mr. Burns terminates his employment for good reason, as such term is defined in his employment agreement, and if he executes a separation and release agreement, we will be obligated to (i) pay him a cash severance payment equal to the sum of 12-months of his then-current base salary and the amount of any bonus earned in respect of the prior fiscal year that would have been paid if his employment had not been terminated, and (ii) if he elects healthcare continuation coverage under the law known as "COBRA," pay up to 12-monthly payments equal to the monthly employer contribution that we would have made to provide health insurance to Mr. Burns if he had remained employed by us. If Mr. Burns' employment with us is terminated by us without cause or Mr. Burns terminates his employment for good reason either 3-months before or during the 12-month period after a change of control, and if he executes a separation and release agreement, he would be entitled to (i) a lump-sum cash severance payment equal to the sum of 18-months of his then-current base salary and the amount of any bonus earned in respect of the prior fiscal year that would have been paid if his employment had not been terminated, (ii) acceleration of all equity awards, as of the later of (A) the date of termination or (B) the effective date of a separation and release agreement, and (iii) if he elects healthcare continuation coverage under law known as "COBRA," pay up to 18-monthly payments equal to the monthly employer contribution that we would have made to provide health insurance to Mr. Burns if he had remained employed by us.

Stephen J. Pace

Pursuant to Mr. Pace's employment agreement, in the event that Mr. Pace's employment is terminated by us without cause, as such term is defined in his employment agreement, or if Mr. Pace terminates his employment for good reason, as such term is defined in his employment agreement, and if he executes a separation and release agreement, we will be obligated to (i) pay him a cash severance payment equal to the sum of 12-months of his then-current base salary and the amount of any bonus earned in respect of the prior fiscal year that would have been paid if Mr. Pace's employment had not been terminated, and (iii) if he elects healthcare continuation coverage under the law known as "COBRA," pay up to 12-monthly payments equal to the monthly employer contribution that we would have made to provide health insurance to Mr. Pace if he had remained employed by us. If Mr. Pace's employment is terminated by us without cause or Mr. Pace terminates his employment for good reason either 3-months before or during the 12-month period after a change of control, and if he executes a separation and release agreement, he would be entitled to (i) a lump-sum cash severance payment equal to the sum of 18-months of his then-current base salary and the amount of any bonus earned in respect of the prior fiscal year that would have been paid if Mr. Pace's employment had not been terminated, and (ii) acceleration of all equity awards, as of the later of (A) the date of termination or (B) the effective date of a separation and release agreement, and (iii) if he elects healthcare continuation coverage under the law known as "COBRA," pay up to 18 monthly payments equal to the monthly employer contribution that we would have made to provide health insurance to Mr. Pace if Mr. Pace had remained employed by us.

Bernd Greifeneder

Pursuant to Mr. Greifeneder's employment agreement, in the event that Mr. Greifeneder's employment is terminated by either party, the terminating party must give the other at least six (6) months' prior notice, which may be waived in the other's party's discretion. In the event that Mr. Greifeneder's employment is terminated by us without cause, as such term is defined in his employment agreement, or if Mr. Greifeneder terminates his employment for cause, as such term is defined in his employment agreement, and if he executes a separation and release agreement, we will be obligated to (i) pay him a cash severance payment equal to the sum of six (6) months of his then-current base salary, plus the amount of any accrued statutory claims. If Mr. Greifeneder's employment with us is terminated by us without cause or by Mr. Greifeneder either 3-months before or during the 12-month period after a change of control, and if he executes a separation and release agreement, he would be entitled to a (i) lump-sum cash severance payment equal to 12-months of his then-current base salary, and (ii) acceleration of all unvested equity awards effective upon the earlier of (A) the date that employment is effectively terminated or (B) the day that Mr. Greifeneder goes on garden leave in lieu of notice, and (iii) honor and pay his accrued statutory claims.

Estimated Payment and Benefits Upon Termination or Change of Control

The amount of compensation and benefits payable to each named executive officer who was employed on March 31, 2021 under our current employment agreements in various termination and change in control situations has been estimated in the tables below. The value of the equity vesting acceleration was calculated for each of the tables below based on the assumption that the change in control and the named executive officer's employment termination occurred on March 31, 2021. The per share closing price of the Company's stock on the New York Stock Exchange as of March 31, 2021 was $48.24, which was used as the value of the Company's stock in the change in control. The value of the option vesting acceleration was calculated by multiplying the number of unvested option shares subject to vesting acceleration as of March 31, 2021, by the difference between the per share closing price of the Company's stock as of March 31, 2021, and the per share exercise price for such unvested option shares. The value of restricted stock unit vesting acceleration was calculated by multiplying the number of unvested restricted stock units subject to vesting acceleration as of March 31, 2021, by the per share closing price of the Company's stock as of March 31, 2021.

The following table describes the potential payments and benefits upon employment termination for Mr. Van Siclen, as if his employment terminated as of March 31, 2021.

Executive Benefits and Payment upon Termination	Resignation For Good Reason Not in Connection with a Change in Control ($)	Termination by Company without Cause Not in Connection with a Change in Control ($)	Termination by Company without Cause or Voluntary Resignation for Good Reason within 3 months prior or 12 months Following a Change in Control ($)
Compensation:			
Cash Severance	1,150,000	1,150,000	1,725,000
Acceleration of Equity Awards	—	—	23,149,516
Health care continuation	17,109	17,109	25,664
Total	1,167,109	1,167,109	24,900,180

The following table describes the potential payments and benefits upon employment termination for Mr. Burns, as if his employment terminated as of March 31, 2021.

Executive Benefits and Payment upon Termination	Resignation For Good Reason Not in Connection with a Change in Control ($)	Termination by Company without Cause Not in Connection with a Change in Control ($)	Termination by Company without Cause or Voluntary Resignation for Good Reason within 3 months prior or 12 months Following a Change in Control ($)
Compensation:			
Cash Severance	705,500	705,500	913,000
Acceleration of Equity Awards	—	—	11,254,798
Health care continuation	9,653	9,653	14,480
Total	715,153	715,153	12,182,278

The following table describes the potential payments and benefits upon employment termination for Mr. Pace, as if his employment terminated as of March 31, 2021.

Executive Benefits and Payment upon Termination	Resignation For Good Reason Not in Connection with a Change in Control ($)	Termination by Company without Cause Not in Connection with a Change in Control ($)	Termination by Company without Cause or Voluntary Resignation for Good Reason within 3 months prior or 12 months Following a Change in Control ($)
Compensation:			
Cash Severance	800,000	800,000	1,000,000
Acceleration of Equity Awards	—	—	10,207,384
Health care continuation	7,907	7,907	11,860
Total	807,907	807,907	11,219,244

The following table describes the potential payments and benefits upon employment termination for Mr. Greifeneder, as if his employment terminated as of March 31, 2021.

Executive Benefits and Payment upon Termination [(1)]	Resignation For Good Reason Not in Connection with a Change in Control ($)	Termination by Company without Cause Not in Connection with a Change in Control ($)	Termination by Company without Cause or Voluntary Resignation for Good Reason within 3 months prior or 12 months Following a Change in Control ($)
Compensation:			
Cash Severance	180,741	180,741	361,482
Acceleration of Equity Awards	—	—	9,549,026
Health care continuation	—	—	—
Total	180,741	180,741	9,910,508

(1) For Mr. Greifeneder, the amounts reported for fiscal ended March 31, 2021, the USD amounts are based on an exchange rate of 1 EUR:USD $1.172 for the reporting period as set forth on Bloomberg.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information regarding our equity compensation plans as of March 31, 2021.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights ($)(1)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by stockholders(2)	11,433,755(3)	21.31	38,626,066(4)
Equity compensation plans not approved by stockholders	—	—	—
Total	11,433,755	21.31	38,626,066

(1) The weighted-average exercise price is calculated based solely on the exercise prices of the outstanding options to purchase shares of our common stock. It does not reflect the shares of our common stock that will be issued upon the vesting of outstanding awards of RSUs, which have no exercise price.
(2) These plans consist of our 2019 Equity Incentive Plan and the 2019 Employee Stock Purchase Plan.
(3) This number includes 8,393,086 shares of our common stock subject to outstanding options and 3,040,669 shares of our common stock subject to outstanding RSU awards granted under our 2019 Equity Incentive Plan.
(4) This number includes 29,898,274 shares of our common stock available for issuance under our 2019 Equity Incentive Plan, and 8,727,792 shares reserved for issuance under our 2019 Employee Stock Purchase Plan. The number of shares available for issuance under the 2019 Equity Incentive Plan automatically increase each April 1 by 4% of the outstanding number of shares of our common stock on the immediately preceding March 31 or such lesser number of shares as determined by our Board or Compensation Committee. The number of shares available for issuance under the 2019 Employee Stock Purchase Plan automatically increase each April 1 by (i) 1% of the outstanding number of shares of our common stock on the immediately preceding March 31; (ii) 3,500,000 shares of Common Stock or (iii) or such number of shares as determined by our Board or Compensation Committee.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the director and executive compensation arrangements, including employment, termination of employment and change in control arrangements, the following is a description of each transition since March 31, 2020, and each currently proposed transaction, in which:

- we have been or are to be a participant;
- the amount involved exceeded or is expected to exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Relationship with Former Affiliate

We subleased one office in France pursuant to a sublease agreement entered into in 2015 with Compuware Software Group SAS, an entity with which we were affiliated at the time we entered into the sublease agreement. We terminated the sublease agreement on January 31, 2021. The sublease payments for the office in France were $272,663 for the year ended March 31, 2021.

Participation in our Follow-on offerings

Certain of our stockholders, including entities affiliated with holders of 5% or more of our capital stock and certain of our directors, sold an aggregate of 34,500,000 and 25,000,000 shares of our common stock in our follow-on offerings of common stock in June 2020 and August 2020, respectively, at the same price and on the same terms as the other purchasers in the offering and not pursuant to any pre-existing contractual rights or obligations.

Registration Rights

On July 30, 2019, we entered into a registration rights agreement, or the Registration Rights Agreement, with the Thoma Bravo Funds and certain other holders of our capital stock. Pursuant to the Registration Rights Agreement, we agreed to pay all registration expenses (other than underwriting discounts and commissions and subject to certain limitations set forth therein) of the holders of the shares registered pursuant to the registrations described below. The registration rights are subject to certain conditions and limitations, including the right of the underwriters to limit the number of shares to be included in an underwritten offering and our right to delay or withdraw a registration statement under certain circumstances.

In addition, each party to the Registration Rights Agreement agreed not to sell or otherwise dispose of any securities without the prior written consent of the underwriters for a period of 180 days after the date of the prospectus related to our IPO.

Pursuant to the Registration Rights Agreement, the holders of a majority of the outstanding Investor Registrable Securities (as defined therein), or the Majority Holders, are entitled to request an unlimited number of Long-Form Registrations (as defined therein) and an unlimited number of Short-Form Registrations (as defined therein). Additionally, for so long as a Shelf Registration Statement (as defined therein) is and remains effective, the Majority Holders will have the right at any or from time to time to elect to sell their respective Shelf Registrable Securities (as defined therein) pursuant to a Shelf Offering (as defined therein), and the Majority Holders may request to engage in an Underwritten Block Trade (as defined therein) off of a Shelf Registration Statement. The other parties to the Registration Rights Agreement may include their Registrable Securities in a Long-Form Registration, Short-Form Registration or Shelf Offering. With the consent of the Majority Holders, the other parties to the Registration Rights Agreement may include their Registrable Securities in an Underwritten Block Trade.

If at any time we propose to register the offer and sale of shares of our common stock under the Securities Act (other than in a registration on Form S-4, Form S-8 or any successor form, or a registration of securities solely relating to an offering and sale to our employees, directors or consultants pursuant to any employee equity plan or other employee benefit plan arrangement, or a registration of non-convertible debt securities) then we must notify the holders of Registrable Securities of such proposal to allow them to include a specified number of their shares of our common stock in such registration, subject to certain marketing and other limitations.

Limitation of Liability and Indemnification of Officers and Directors

Our charter contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors are not personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law, or DGCL; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the DGCL is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the DGCL.

In addition, our bylaws provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. Our bylaws will provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our bylaws also provide that we must advance expenses incurred by or on behalf of a director or executive officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are included in our charter and bylaws and in indemnification agreements that we have entered into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder’s investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.
Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our Board.

The underwriting agreement relating to our IPO and the underwriting agreement relating to this offering provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.
Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Related Person Transaction Policy

Our Board has adopted a formal written policy providing that our Audit Committee is responsible for reviewing all “related party transactions,” which are transactions, arrangements or relationships (or any series of similar transactions, arrangements or relationships), to which we are a party, and in which a related person has, had or will have a direct or indirect material interest. For purposes of this policy, a related person is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of our capital stock, in each case since the beginning of the most recently completed year, and any of their immediate family members. In determining whether to approve or ratify any such transaction, our Audit Committee will take into account, among other factors it deems appropriate, (i) whether the transaction is on terms no less favorable than terms generally available to unaffiliated third parties under the same or similar circumstances and (ii) the extent of the related party’s interest in the transaction.

The Audit Committee reviewed all transactions that took place between us and related persons since April 1, 2020 regardless of the dollar amount involved, including the following for which the amount received by the Company was in excess of $120,000:

During fiscal 2021, Hyland Software, Inc. paid the Company $140,666 for the purchase of certain software and services in a transaction entered into at arms-length on market terms and conditions.

The Audit Committee determined that this transaction did not impact the independence of any of our directors.

PRINCIPAL STOCKHOLDERS

The following table sets forth information, to the extent known by us or ascertainable from public filings, with respect to the beneficial ownership of our common stock as of July 1, 2021 by:

- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each person, or group of affiliated persons, who is known by us to beneficially owner of greater-than-5.0% of our common stock.

The column entitled "Shares Beneficially Owned" is based on a total of 284,218,126 shares of our common stock outstanding as of July 1, 2021.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC and includes voting or investment power with respect to our common stock. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of July 1, 2021 are considered outstanding and beneficially owned by the person holding the options for the purpose of calculating the percentage ownership of that person but not for the purpose of calculating the percentage ownership of any other person. Except as otherwise noted, the persons and entities in this table have sole voting and investing power with respect to all of the shares of our common stock beneficially owned by them, subject to community property laws, where applicable. Except as otherwise indicated in the table below, addresses of named beneficial owners is c/o Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, MA 02451.

	Shares Of Common Stock Beneficially Owned	
Name of Beneficial Owner	**Number**	**Percent**
Named Executive Officers and Directors:		
John Van Siclen(1)	1,199,503	*
Kevin Burns(2)	52,027	*
Stephen J. Pace(3)	81,688	*
Bernd Greifeneder(4)	950,795	*
Seth Boro(5)	17,500	*
Chip Virnig(5)	17,500	*
James K. Lines(6)	137,963	*
Paul Zuber(7)	8,000	*
Michael Capone(8)	17,500	*
Stephen Lifshatz(8)	17,500	*
Jill Ward(9)	13,374	*
Kirsten Wolberg	—	*
Steve Rowland	—	*
All executive officers and directors as a group (13 persons)	2,511,813	*
5% Stockholders:		
Thoma Bravo Funds(10)	84,298,270	29.66 %
The Vanguard Group(11)	16,593,469	5.84 %

* Represents beneficial ownership of less than one percent of the outstanding shares of common stock.

(1) Consists of 444,792 shares of common stock, and 377,041 shares issuable upon exercise of stock options, and/or that may be acquired upon the vesting of RSUs, in each case, within 60 days of July 1, 2021, held directly by Mr. Van Siclen, 374,025 shares of common stock held by John W. Van Siclen 2019 Irrevocable Trust and 3,645 shares of common stock held by Nancy R. Van Siclen 2019 Irrevocable Trust. Mr. Van Siclen may be deemed to have shared voting and investment power with respect to the shares of common stock held by his spouse. Concord Trust Company is the trustee of the John W. Van Siclen 2019 Irrevocable Trust and Mr. Van Siclen is the trustee of the Nancy R. Van Siclen 2019 Irrevocable Trust.

(2) Consists of 10,583 shares of common stock, and 31,444 shares issuable upon exercise of stock options, and/or that may be acquired upon the vesting of RSUs, in each case, within 60 days of July 1, 2021 held directly by Mr. Burns, and 10,000 shares of common stock held by The Kevin C. Burns Irrevocable GST Trust of 2018. Judith Burns is the trustee of the Kevin C. Burns Irrevocable GST Trust of 2018. As such, Mr. Burns may be deemed to have shared voting and investment power with respect to all of the shares of common stock and restricted stock held by such trust.

(3) Consists of 7,942 shares of common stock and 73,746 shares issuable upon exercise of stock options, and/or that may be acquired upon the vesting of RSUs, in each case, within 60 days of July 1, 2021, held directly by Mr. Pace.

(4) Consists of 791,267 shares of common stock and 159,528 shares issuable upon exercise of stock options, and/or that may be acquired upon the vesting of RSUs, in each case, within 60 days of July 1, 2021, held directly by Mr. Greifeneder.

(5) Consists of 12,500 shares of common stock and 5,000 shares that may be acquired upon the vesting of RSUs, within 60 days of July 1, 2021.

(6) Consists of 132,963 shares of common stock and 5,000 shares that may be acquired upon the vesting of RSUs, within 60 days of July 1, 2021 held directly by Mr. Lines.

(7) Consists of 3,000 shares of common stock held by DSL 2020, LLC for which the initial member is Mr. Zuber, as trustee of the Concordia 2020 Irrevocable Trust and 5,000 shares that may be acquired upon the vesting of RSUs, within 60 days of July 1, 2021 held directly by Mr. Zuber. Mr. Zuber may be deemed to have shared voting and investment power with respect to the shares of common stock held by such trust.

(8) Consists of 10,937 shares of common stock and 6,563 shares that may be acquired upon the vesting of RSUs, within 60 days of July 1, 2021.

(9) Consists of 8,374 shares of common stock and 5,000 shares that may be acquired upon the vesting of RSUs, within 60 days of July 1, 2021.

(10) This information is as of December 31, 2020 and is based solely on a Schedule 13G/A filed by the funds related to Thoma Bravo listed below with the SEC on February 16, 2021. Consists of 9,246,909 shares held directly by Thoma Bravo Fund X, L.P., or TB Fund X, 2,022,690 shares held directly by Thoma Bravo Fund X-A, L.P., or TB Fund X-A, 43,554,893 shares held directly by Thoma Bravo Fund XI, L.P., or TB Fund XI, 21,874,339 shares held directly by Thoma Bravo Fund XI-A, L.P., or TB Fund XI-A, 960,861 shares held directly by Thoma Bravo Executive Fund XI, L.P., or TB Exec Fund, 793,391 shares held directly by Thoma Bravo Special Opportunities Fund I, L.P., or TB SOF, and 5,845,187 shares held directly by Thoma Bravo Special Opportunities Fund I AIV, L.P., or TB SOF AIV. Thoma Bravo Partners X, L.P., or TB Partners X is the general partner of each of TB Fund X, TB Fund X-A, TB SOF and TB SOF AIV. Thoma Bravo Partners XI, L.P., or TB Partners XI, is the general partner of each of TB Fund XI, TB Fund XI-A and TB Exec Fund. Thoma Bravo, LLC is the general partner of each of TB Partners X and TB Partners XI. By virtue of the relationships described in this footnote, Thoma Bravo, LLC may be deemed to exercise voting and dispositive power with respect to the shares held directly by TB Fund X, TB Fund X-A, TB Fund XI, TB Fund XI-A, TB Exec Fund, TB SOF and TB SOF AIV. The principal business address of the entities identified herein is c/o Thoma Bravo, LLC, 150 North Riverside Plaza, Suite 2800, Chicago, Illinois 60606.

(11) This information is as of December 31, 2020 and is based solely on a Schedule 13G filed by the Vanguard Group ("Vanguard") with the SEC on February 10, 2021. Vanguard reported that it has sole dispositive power over 16,274,265 shares, shared dispositive power over 319,204 shares, and shared voting power over 174,469 shares. The mailing address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

DELINQUENT SECTION 16(A) REPORTS

Section 16(a) of the Exchange Act requires our directors, executive officers, and persons holding more than 10% of our common stock to report their initial ownership of the common stock and other equity securities and any changes in that ownership in reports that must be filed with the SEC. The SEC has designated specific deadlines for these reports, and we must identify in this proxy statement those persons who did not file these reports when due.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, we believe that for fiscal 2021, all required reports were filed on a timely basis under Section 16(a), with one exception. Due to an administrative oversight, a Form 5 was not timely filed with respect to a bona fide gift of 10,000 shares made by a member of Mr. Burns' immediate family on December 8, 2020. The Company filed a Form 5 disclosing this gift on June 4, 2021.

HOUSEHOLDING

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our documents, including the annual report to stockholders and proxy statement, may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you upon written or oral request to Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, MA 02451, Attention: Corporate Secretary, telephone: (781) 530-1000. If you want to receive separate copies of the proxy statement or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

STOCKHOLDER PROPOSALS

A stockholder who would like to have a proposal considered for inclusion in our 2022 proxy statement must submit the proposal in accordance with the procedures outlined in Rule 14a-8 of the Exchange Act so that it is received by us no later than March 17, 2022. However, if the date of the 2021 Annual Meeting of Stockholders is changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before we begin to print and send our proxy statement for the 2021 Annual Meeting of Stockholders. SEC rules set standards for eligibility and specify the types of stockholder proposals that may be excluded from a proxy statement. Stockholder proposals should be addressed to Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, MA 02451, Attention: Corporate Secretary.

If a stockholder wishes to propose a nomination of persons for election to our Board or present a proposal at an annual meeting but does not wish to have the proposal considered for inclusion in our proxy statement and proxy card, our bylaws establish an advance notice procedure for such nominations and proposals. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the Board or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely notice in proper form to our corporate secretary of the stockholder's intention to bring such business before the meeting.

The required notice must be in writing and received by our corporate secretary at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. However, in the event that the date of the annual meeting is advanced by more than 30 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, a stockholder's notice must be so received no earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. For stockholder proposals to be brought before the 2022 Annual Meeting of Stockholders, the required notice must be received by our corporate secretary at our principal executive offices no earlier than April 28, 2022 and no later than May 27, 2022. Stockholder proposals and the required notice should be addressed to Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, MA 02451, Attention: Corporate Secretary.

OTHER MATTERS

Our Board does not know of any other matters to be brought before the Annual Meeting. If any other matters not mentioned in this proxy statement are properly brought before the meeting, the individuals named in the enclosed proxy intend to use their discretionary voting authority under the proxy to vote the proxy in accordance with their best judgment on those matters.

AVAILABILITY OF CERTAIN DOCUMENTS

Accompanying this proxy statement and posted on the investor relations portion of our website at *www.dynatrace.com* with this proxy statement, is our Annual Report on Form 10-K for the fiscal year ended March 31, 2021. The inclusion of our website address here and elsewhere in this proxy statement does not include or incorporate by reference the information on our website into this proxy statement. We will also mail without charge, upon written request, a copy of that Annual Report excluding exhibits. Requests can be made by written request to Dynatrace, Inc., 1601 Trapelo Road, Suite 116, Waltham, Massachusetts 02451, Attention: Corporate Secretary or by email to ir@dynatrace.com. This proxy statement and our Annual Report on Form 10-K for the fiscal year ended March 31, 2021 are also available on the SEC's website at *www.sec.gov*.

APPENDIX A
RECONCILIATION OF NON-GAAP MEASURES

	Year Ended March 31, 2021	Year Ended March 31, 2020
Adjusted EBITDA:		
Net income (loss)	$ 75,714	$ (413,817)
Income tax (benefit) expense	2,139	195,284
Interest expense, net	14,205	45,397
Amortization	51,942	58,457
Depreciation	9,022	7,864
Restructuring and other	40	1,092
Transaction and sponsor related costs	3,356	21,619
(Gain) loss on currency translation	(162)	1,197
Share-based compensation	57,784	222,478
Employer payroll taxes on employee stock transactions	4,114	796
Adjusted EBITDA	$ 218,154	$ 140,367

	Year Ended March 31, 2021					
	GAAP	Share-based compensation	Employer payroll taxes on employee stock transactions	Amortization of other intangibles	Restructuring & other	Non-GAAP
Non-GAAP operating income:						
Cost of revenue	$ 127,708	$ (7,307)	$ (718)	$ (15,317)	$ —	$ 104,366
Gross profit	575,801	7,307	718	15,317	—	599,143
Gross margin	82%					85%
Research and development	111,415	(11,684)	(1,356)	—	—	98,375
Sales and marketing	245,487	(24,153)	(1,630)	—	—	219,704
General and administrative	92,219	(14,640)	(410)	—	(3,356)	73,813
Amortization of other intangibles	34,744	—	—	(34,744)	—	—
Restructuring and other	40	—	—	—	(40)	—
Operating income	$ 91,896	$ 57,784	$ 4,114	$ 50,061	$ 3,396	$ 207,251
Operating margin	13%					29%

Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. We consider these non-GAAP financial measures to be important because they provide useful indicators of its performance and liquidity measures. These measures are used to establish certain performance-based targets related to the compensation of our executives. Non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from non-GAAP financial measures presented by other companies.

We present constant currency amounts for Revenue and Annual Recurring Revenue to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. All growth comparisons relate to the corresponding period in the last fiscal year.

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 March 31, 2021

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-39010

Dynatrace, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-2386428**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1601 Trapelo Road, Suite 116
Waltham, MA 02451
(781) 530-1000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	DT	New York Stock Exchange

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 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, 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.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of common stock held by non-affiliates of the Registrant as of September 30, 2020, the last business day of the most recently completed second fiscal quarter, was $7.55 billion. This calculation does not reflect a determination that certain persons are affiliates of the Registrant for any other purpose.

The registrant had 283,654,155 shares of common stock outstanding as of May 25, 2021.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2021 Annual Meeting of Shareholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the Registrant's fiscal year ending March 31, 2021.

Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, the Proxy Statement is not deemed to be filed as part of this Annual Report on Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Annual Report") contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. All statements of historical fact included in this Annual Report regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "may," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in this Annual Report. These forward-looking statements are based on management's current beliefs, based on currently available information, as to the outcome and timing of future events. Forward-looking statements contained in this Annual Report include, but are not limited to, statements about:

- our future financial performance, including our expectations regarding our revenue, annual recurring revenue, gross profit or gross margin, operating expenses, ability to generate cash flow, revenue mix and ability to maintain future profitability;
- our expectations regarding the potential impact of the novel coronavirus, or COVID-19, pandemic on our business, operations, and the markets in which we and our partners and customers operate;
- anticipated trends and growth rates in our business and in the markets in which we operate;
- our ability to maintain and expand our customer base and our partner network;
- our ability to sell our applications and expand internationally;
- our ability to anticipate market needs and successfully develop new and enhanced solutions to meet those needs;
- our ability to hire and retain necessary qualified employees to grow our business and expand our operations;
- the evolution of technology affecting our applications, platform and markets;
- our ability to adequately protect our intellectual property; and
- our ability to service our debt obligations;

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" in this Annual Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business. These risks and uncertainties include, but are not limited to, the following:

- We have experienced rapid subscription revenue growth in recent periods, and our recent growth rates may not be indicative of our future growth.
- Market adoption of software intelligence solutions for application performance monitoring, digital experience monitoring, infrastructure monitoring, AIOps, business intelligence and analytics and application security is relatively new and may not grow as we expect, which may harm our business and prospects.
- Our business is dependent on overall demand for software intelligence solutions and therefore reduced spending on software intelligence solutions or overall adverse economic conditions may negatively affect our business, operating results and financial condition.
- The effects of the COVID-19 pandemic have materially affected how we and our customers are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.
- If we cannot successfully execute on our strategy and continue to develop and effectively market solutions that anticipate and respond to the needs of our customers, our business, operating results and financial condition may suffer.
- If our platform and solutions do not effectively interoperate with our customers' existing or future technology stacks, installations of our solutions could be delayed or canceled, which would harm our business.
- Our future revenues and operating results will be harmed if we are unable to acquire new customers, if our customers do not renew their contracts with us, or if we are unable to expand sales to our existing customers or develop new solutions that achieve market acceptance.
- Failure to effectively expand our sales and marketing capabilities could harm our ability to execute on our business plan, increase our customer base and achieve broader market acceptance of our applications.
- We face significant competition which may adversely affect our ability to add new customers, retain existing customers and grow our business.
- If we are unable to maintain successful relationships with our partners, or if our partners fail to perform, our ability to market, sell and distribute our applications and services will be limited, and our business, operating results and financial condition could be harmed.
- Security breaches, computer malware, computer hacking attacks and other security incidents could harm our business, reputation, brand and operating results.
- Real or perceived errors, failures, defects or vulnerabilities in our solutions could adversely affect our financial results and growth prospects.
- Our substantial level of indebtedness could materially and adversely affect our financial condition.
- Failure to protect and enforce our proprietary technology and intellectual property rights could substantially harm our business, operating results and financial condition.
- We previously identified a material weakness in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations.
- Thoma Bravo has significant influence over matters requiring stockholder approval, which may have the effect of delaying or preventing changes of control or limiting the ability of other stockholders to approve transactions they deem to be in their best interest.

PART I. FINANCIAL INFORMATION

ITEM 1. BUSINESS

Overview

We offer the market-leading software intelligence platform, purpose-built for dynamic multicloud environments. As enterprises embrace the cloud to effect their digital transformation, our all-in-one intelligence platform is designed to address the growing complexity faced by technology and digital business teams. With automatic and intelligent observability, our all-in-one platform delivers precise answers about the performance and security of applications, the underlying infrastructure and the experience of all users to enable organizations to innovate faster, simplify cloud complexity, collaborate more efficiently, and secure cloud-native applications. We designed our software intelligence platform to allow our customers to modernize and automate IT operations, develop and release high-quality software faster, and improve user experiences for consistently better business outcomes. As a result, as of March 31, 2021, our products are trusted by approximately 2,900 Dynatrace customers in 90 countries in diverse industries such as banking, insurance, retail, manufacturing, government, travel and software.

Today's leading organizations are striving to deliver innovative, high-performance digital services to expand market opportunities, compete more effectively, and operate with increased agility. This transformation is happening in multicloud environments, which bring a scale and frequency of change that is exponentially greater than that of the old data-center world. Developing and operating these environments is harder than ever, driven by:

1) **Hybrid, multicloud architectures:** Organizations are building and deploying software across hybrid environments with multiple clouds and on-premises platforms.

2) **Application complexity:** Applications are increasingly complex and deployed as microservices-based architectures that are written in multiple different programming languages with hundreds of loosely coupled service connections.

3) **Application security:** The move to agile methodologies, such as DevSecOps, combined with the complexity of new, cloud-native applications and infrastructure, as well as the higher frequency with which code is pushed into production has heightened the need for application security practices which can detect vulnerabilities and automatically enable remediation across the software development cycle.

4) **DevOps:** Ensuring software updates work without issues has grown more challenging due to the increased frequency of software releases, reduced testing time, and the use of independent development teams.

5) **User experience:** User expectations for software performance have rapidly increased, and enterprises are focused on advancing branded experiences to maximize revenue, differentiate offerings, and retain competitive positions.

Traditional approaches for developing, operating, monitoring, and securing software were not designed to keep pace with dynamic multicloud environments. Traditional monitoring solutions were developed for applications that are monolithic, updated infrequently, and run in static data-center environments. These solutions are difficult to deploy, narrow in scope, and designed to operate in a simpler, siloed environment. Each tool in this approach only collects data about individual components of the computing stack, such as applications, infrastructures, logs, networks, or user experiences. To get an end-to-end view using these traditional approaches, IT teams are required to aggregate and correlate data from these disparate monitoring solutions to identify actionable answers, including where bottlenecks occur, how best to optimize for performance and scalability, if an issue is impacting service, and if so, where to find the problem and what to do about it.

With the advent of dynamic multicloud environments, the challenges and limitations of traditional solutions have been exacerbated. What was once a well understood layering of applications running on operating systems on physical servers connected to physical networks has rapidly become virtualized into software at all levels. Environments have become dynamic. Applications are no longer monolithic and have become fragmented into thousands, potentially millions, of microservices, written in multiple software languages. These multicloud environments sprawl from traditional backend applications run on relational databases and mainframes to modern IaaS platforms run on Amazon Web Services, or AWS, Microsoft Azure, or Azure, and Google Cloud Platform. All these factors result in an environment that is web-scale, extremely complex, and dynamic at all layers of the new computing stack.

We believe the scale, complexity, and dynamic nature of dynamic multicloud environments, including the applications that run on them, require a comprehensive observability, AIOps, automation, and security strategy we refer to as "software intelligence." Starting in 2014, we leveraged the knowledge and experience of the same engineering team that founded Dynatrace to develop a solution to address the disruptive shift to dynamic multicloud environments. These efforts resulted in the creation of a new platform, the Dynatrace Software Intelligence Platform, or Dynatrace®.

The Dynatrace® platform leverages an automatic instrumentation technology called OneAgent®, a real-time dependency mapping system called SmartScape®, our transaction-centric code analysis technology called PurePath®, and an open artificial intelligence, or AI, engine called Davis® for instant answers to degradations in service, anomalies in behavior, and user impact. Dynatrace® simplifies the complexity of dynamic multicloud environments for cloud architects, DevOps and SRE teams, as well as application and operations teams, while providing actionable insights that accelerate cloud migrations, cloud adoption, and DevOps success.

Unlike traditional multiple-tool-approaches, we integrated Dynatrace® with key components of multicloud ecosystems to support dynamic cloud orchestration, including for AWS, Azure, Google Cloud Platform, VMware Tanzu, Red Hat OpenShift, and Kubernetes. In these environments, Dynatrace® automatically launches, monitors and observes the full cloud stack and all the applications and containers running anywhere in the stack, including applications and workloads that may traverse multiple public cloud and hybrid-cloud environments. We believe our ability to integrate Dynatrace® with cloud platforms simplifies development and operational efforts, increases visibility, and improves situational awareness for our customers.

We designed Dynatrace® to maximize flexibility and control of the rich observability data captured and analyzed by our platform. We believe the platform provides the simplicity of software-as-a-service (SaaS), with the customer option of either maintaining data in the cloud, or at the edge in customer-provisioned infrastructure, which we refer to as Dynatrace® Managed. In this managed offering, we provide updates and enhancements automatically each month while allowing customers the flexibility and control to adhere to their own data security and sovereignty requirements.

We market Dynatrace® through a combination of our global direct sales team and a network of partners, including resellers, system integrators, and managed service providers. We target the largest 15,000 global organizations, which generally have annual revenues in excess of $1 billion.

The Dynatrace® Software Intelligence Platform has been commercially available since 2016. The number of Dynatrace® customers increased to 2,936 as of March 31, 2021 from 2,373 as of March 31, 2020, representing year-over-year growth of 24%. Our Dynatrace® net expansion rate was above 120% as of March 31, 2021 for the 12th consecutive quarter. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics" included under Part II, Item 7 of this Annual Report.

For financial information regarding our business, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included under Part II, Item 7 of this Annual Report and our consolidated audited financial statements and related notes included elsewhere in this Annual Report.

The economic consequences of the COVID-19 pandemic have been challenging for certain customers and may continue to be challenging for some of our customers in the future. While revenue, customer retention, and earnings are relatively predictable under a subscription-based business model, the effect of the COVID-19 pandemic will not be fully reflected in the results of operations and overall financial performance until future periods given the current macroeconomic uncertainty.

Industry Background

Key trends impacting the way organizations develop, manage, and optimize their software environment include:

Software Applications Are Central to Digital Transformation for Organizations Across All Sectors

Whether it is retailers driving higher customer engagement through mobile apps, industrial companies reducing production downtime with predictive maintenance applications, or automobile manufacturers designing self-driving cars, software is central to how organizations deliver a differentiated user experience. At the same time, organizations increasingly embed software throughout their operations, managing business critical systems, such as payments processing, inventory and supply chain management, logistics, and many other front- and back-office services.

A study by International Data Corporation (IDC) states the majority, 65%, of global GDP will be digitalized by 2022, driving $6.8 trillion of IT spending from 2020 to 2023. Digital transformation requires significant modernization of legacy environments, shifting from high cost, labor intensive, and inflexible technology systems to a modern, cloud-native architecture. IDC also forecasts that by 2024, there will be 520 million new, modern applications and services launched – more than the total number of applications developed in the previous 40 years. Maintaining visibility across a broad multicloud environment represents a significant challenge. As a result, digital transformations are slow, often disrupted by performance issues, and can fail to achieve intended objectives.

To remain competitive, organizations now focus more of their budget on software innovation and less on operating and maintaining systems. IDC reports that by 2023, 75% of Global 2000 IT organizations will adopt automated operations practices to transform their IT workforce to support unprecedented scale. As a result, organizations are investing in new platforms that are built to automate the development, deployment, and operation of modern, cloud-native software applications and infrastructure, and accelerate the transition to dynamic multicloud environments.

Changing Customer Expectations are Requiring Organizations to Prioritize the User Experience

Organizations are increasingly seeking to differentiate their products and services based on user experiences, with digital interaction becoming the primary channel of communication between enterprises and their customers, partners, and employees. A report by Forrester suggests, customers who have a better experience are more likely to stay with a brand, buy additional products and services from the brand, and recommend it to friends. The result is more retained revenue from reduced customer churn, more revenue per customer, and more new customers. Conversely, according to a 2018 report by NewVoiceMedia (now known as the Vonage Salesforce Contact Center solution), U.S. companies lose $75 billion per year due to poor customer experiences, a $13 billion increase from 2016. Faced with poor customer service, 39% of respondents indicated they would never use the offending company again.

User experience is closely tied to the performance of software applications. As a result, optimal application and infrastructure performance as well as exceptional user experiences are important to the entire organization, not just to the IT staff that maintain these environments. We believe the need for an exceptional user experience to engage and retain customers will continue to drive demand for instrumentation that helps enterprises to provide high quality, user-focused outcomes.

Benefits of Dynamic Multicloud Environments Make Them Essential for Digital Transformation

Large-size organizations are increasingly adopting cloud technologies to increase agility and accelerate innovation. According to IDC in 2020, 97% of worldwide enterprises that used cloud infrastructure relied on more than one cloud platform. In addition, Gartner predicts that by 2025, 85% of enterprises will have a cloud-first principle. The key advantages of dynamic multicloud environments include:

- ***Ability to build better applications at a faster rate.*** Cloud-based application development technologies, such as container and microservices architectures, enable organizations to focus developer resources more on creating and improving value-add application features and less on managing underlying operating systems and infrastructure. Gartner estimates that by 2025, 85% of organizations will run containers in production, up from less than 30% in 2020. In addition to new cloud-based development technologies, enterprises are adopting new processes, such as DevOps and Artificial Intelligence for IT Operations (AIOps), that help accelerate the software delivery cycle.
- ***Operational efficiency.*** Organizations are moving to the cloud to reduce spending on expensive and static systems, the data centers to house them, the energy to run them, and the IT staff needed to maintain them.
- ***Agility.*** Organizations can purchase cloud services dynamically as demand ebbs and flows over time, affording greater flexibility, financial efficiencies, and scale than traditional systems. Organizations can scale capacity up and down to address seasonality or quickly address unexpected spikes in demand without needing to purchase and maintain infrastructure for peak demand and leaving it underutilized during other times.

Shift to Dynamic Multicloud Environments Introduces Fundamentally New Software Delivery Challenges

While the cloud offers enterprises some clear advantages over traditional systems, moving to the cloud also creates fundamental new challenges, such as:

- ***Greater complexity.*** Multicloud strategies require that IT teams manage applications and infrastructure and ensure interoperability of operations between private and multiple public clouds, such as AWS, Microsoft Azure, Google Cloud Platform, and SAP. In addition, these applications are containerized and increasingly fragmented into microservices that are hosted across multiple cloud platforms, creating interdependencies across heterogeneous environments that increase the risk of incompatibility issues and the number of potential failure points if the applications are not deployed and maintained correctly.
- ***Highly dynamic environments.*** Cloud infrastructure and applications are built to scale up or down in real-time depending upon usage and traffic. The automation required to monitor these highly dynamic environments is beyond what is required for monolithic, on-premises applications.
- ***Massive scale.*** As software becomes more critical to business success, the number and size of applications will continue to grow and encompass more features and greater functionality. At the same time, web-scale architectures are enabling enterprises to build applications that are deployed across thousands of hosts and serve millions of users simultaneously. The breadth of functionality and scale of deployments of dynamic multicloud applications regularly exceed even the largest applications built in the pre-cloud era.
- ***More frequent changes to software.*** The adoption of DevOps practices and cloud architectures have increased the speed at which software updates can be developed and deployed. With the application development lifecycle accelerating, enterprises must adapt their software operations environment and culture to ensure that performance and business outcomes are not adversely affected by frequent changes.

Traditional Monitoring Approaches Were Not Built for Dynamic Multicloud Environments

Traditional application monitoring approaches were built before dynamic multicloud environments became the driving force in digital transformation and suffer from significant shortcomings when applied in cloud-based environments. Challenges of traditional monitoring solutions for multicloud environments include:

- ***Manual configuration processes that do not scale.*** Traditional monitoring tools require unique agents for each component of an application and rely on IT personnel to manually pre-configure each agent. The complexity and dynamic nature of multicloud environments, which can include thousands of containers and microservices, makes this multi-agent approach costly, slow, and impractical to install and maintain, especially as these environments are rapidly modified and updated.
- ***Not designed to capture data across the full multicloud stack.*** Traditional monitoring solutions were created to view a limited portion of the full technology stack, and provide visibility only into individual applications or workloads, and are unable to provide full-stack observability into how the applications, microservices, and infrastructure are interconnected. To get a complete view of the full technology stack, from the applications to the underlying infrastructure to the user experience, IT personnel must manually implement and manage many disparate tools. We believe this approach has resulted in organizations overinvesting in operations and underinvesting in development, which slows innovation.
- ***Only able to provide data, not answers.*** Traditional monitoring tools provide data only about narrow components of the technology stack. As a result, IT teams must manually integrate and correlate the data from disparate systems and apply their own assumptions to identify the underlying cause of performance issues. This process is slow, prone to errors, and is made especially challenging by the complexity of multicloud environments.
- ***Collect limited snapshots of data that do not provide real-time observability.*** Traditional APM tools were not designed for the far larger and more complex data sets produced by multicloud environments and can only capture snapshots of application and infrastructure performance data and user data. Traditional monitoring approaches rely on partial data sets, which reduce their effectiveness in performing precise root-cause determination, add risk, and delay innovation. In addition, traditional monitoring tools and approaches do not provide visibility into containers and microservices, which leads to blind spots in software performance monitoring when used in container-based environments.
- ***Lack of flexible deployment options.*** Traditional monitoring solutions are either deployed as SaaS-only or on-premises-only. SaaS-only solutions often fail to meet the strict governance, security, and scale requirements of large enterprises, and do not monitor on-premises applications, making them incompatible with the needs of organization who manage hybrid-hosted applications. Conversely, traditional on-premises solutions were not built to manage cloud applications and are typically upgraded less frequently, and thus innovate more slowly than cloud-based applications.

Our Solution

Dynatrace offers the market-leading software intelligence platform, purpose-built for dynamic multicloud environments. We built the Dynatrace® Software Intelligence Platform from the ground up to meet the challenges of running and optimizing these environments and the applications and services that run across them. Our AI-powered, full-stack, and completely automated platform provides deep observability into dynamic, multicloud ecosystems. In addition, Dynatrace® provides real-time, actionable insights about the performance and security of our customers' entire software ecosystem by integrating high-fidelity, web-scale data, mapping its dependencies in real-time, and analyzing them with an open, explainable AI engine. Dynatrace® is brought to market through our global direct sales force and a network of partners. The combination of our market-leading platform and go-to-market strategy has allowed us to achieve the scale, growth, and margins we believe will provide us the capital to continue investing in driving further product differentiation.

Our platform provides the following key benefits:

- ***Single agent, fully automated configuration.*** Dynatrace® is installed as a single agent, OneAgent®, which automatically configures itself, and continuously discovers all components of the full-stack to enable high fidelity and web-scale data capture. OneAgent® dynamically profiles the performance of all components of the full-stack with code-level precision, even as applications and environments update and change.
- ***Full-stack, all-in-one approach with deep cloud integrations.*** Dynatrace® combines Application and Microservices Monitoring, with Application Security, Infrastructure Monitoring, Digital Experience Management, Business Analytics, and Cloud Automation and in a single platform. We believe this all-in-one approach reduces the need for a variety of disparate tools and enables our customers to improve productivity and decision making while reducing operating costs. Dynatrace® provides out-of-the-box configuration for the leading cloud platforms, such as AWS, Azure, Google Cloud Platform, Red Hat OpenShift, VMware Tanzu, and SAP, as well as coverage for traditional on-premises systems, including mainframe and monolithic applications in a single, easy-to-use, intelligent platform.
- ***AI-powered, answer-centric insights.*** Davis®, our explainable AI engine, dynamically baselines the performance of all components in the full stack, continually learning normal performance thresholds to provide precise answers when performance deviates from expected or desired conditions. Unlike ML-based correlation engines that overwhelm IT professionals with hundreds of alerts from many different tools, Dynatrace® provides a single problem resolution and precise root-cause determination. We believe the accuracy and precision of the answers delivered by our AI engine enable our customers to shift from reactive to proactive remediation, providing a substantial advantage in time savings, resource efficiency, customer satisfaction, and business outcomes.
- ***Web-scale and enterprise grade.*** Dynatrace® utilizes big data architecture and enterprise-proven cloud technologies that are engineered for web-scale environments. With role-based access and advanced security functionality, we built Dynatrace® purposefully for enterprise-wide adoption by the largest organizations in the world.
- ***Flexible deployment options.*** We deploy our platform as a SaaS solution, with the option of retaining the data in the cloud, or at the edge in customer-provisioned infrastructure, which we refer to as Dynatrace® Managed. The Dynatrace® Managed offering allows customers to maintain control of the environment where their data resides, whether in the cloud or on-premises, combining the simplicity of SaaS with the ability to adhere to their own data security and sovereignty requirements. Our Mission Control center automatically upgrades all Dynatrace® instances and offers on-premises cluster customers auto-deployment options that suit their specific enterprise management processes.

Our Opportunity

As dynamic, multicloud computing replaces traditional data centers, we believe our full-stack, all-in-one, software intelligence platform, Dynatrace®, can expand our potential market opportunity by allowing us to offer our solutions into adjacent markets beyond APM. These include replacing traditional monitoring tools, and potentially disrupting various well-established IT spending categories, such as infrastructure monitoring, application security, alert and incident management, and network monitoring. They also include new categories including multicloud observability, AIOps, and automation for IT and DevOps processes. According to Gartner, the global IT operations software market was estimated to be $35 billion in 2021 and is expected to grow at a compound annual growth rate of 9.3% to $50 billion in 2025.

We believe a significant portion of our market opportunity remains unpenetrated today. Gartner estimates enterprises will quadruple their APM use due to increasingly digitized business processes from 2018 through 2021, to reach 20% of all business applications. As this trend continues, we believe there is an opportunity to increase our annual recurring revenue as enterprise customers expand the number of applications instrumented.

Currently, we estimate the annual potential market opportunity for our Dynatrace® solution to be approximately $50 billion, $32 billion of which is based on a bottom-up calculation that relates to our existing revenue generating modules. We calculated this figure using the largest 15,000 global enterprises with greater than $1 billion in annual revenue, as identified by S&P Capital IQ in September 2020. We then banded these companies by revenue scale and multiplied the total number of companies in each band by our calculated annualized booking per customer for companies in each respective band. We calculated the annualized bookings per customer, applied for each band, using internal company data of actual customer spend. For each respective band, we calculated the average annualized bookings per customer of the top 10% of customers in the band, which we believe to be representative of having achieved broader implementation of our solutions within their enterprises. The additional $18 billion represents the market opportunity related to our newest cloud application security module and is based on a combination of software markets forecast information from Gartner.[1] We believe our potential market opportunity could expand further as enterprises increasingly instrument, monitor, and optimize more of their applications and underlying infrastructure.

Our Growth Strategy

- ***Extend our technology and market leadership position.*** We intend to maintain our position as the market-leading software intelligence platform through increased investment in research and development and continued innovation. We expect to focus on expanding the functionality of Dynatrace® and investing in capabilities that address new market opportunities. We believe this strategy will enable new growth opportunities and allow us to continue to deliver differentiated high-value outcomes to our customers.
- ***Grow our customer base.*** We intend to drive new customer growth by expanding our direct sales force focused on the largest 15,000 global enterprise accounts, which generally have annual revenues in excess of $1 billion. The initial average Dynatrace® ARR for these new customers was approximately $105,000, in fiscal 2021. In addition, we expect to leverage our global partner ecosystem to add new customers in geographies where we have direct coverage and work jointly with our partners. In other geographies, we utilize a multi-tier "master reseller" model, such as in Africa, Japan, the Middle East, Russia, and South Korea.
- ***Increase penetration within existing customers.*** We plan to continue to increase the penetration within our existing customers by expanding the breadth of our platform capabilities to provide for continued cross-selling opportunities. In addition, we believe the ease of implementation for Dynatrace® provides us the opportunity to expand adoption within our existing enterprise customers, across new customer applications, and into additional business units or divisions. Once customers are on the Dynatrace® platform, we have seen significant dollar-based net expansion due to the ease of use and power of our new platform. This expansion rate has been above 120% for 12 consecutive quarters.
- ***Enhance our strategic partner ecosystem.*** Our strategic partners include industry-leading system integrators, software vendors, and cloud and technology providers. We intend to continue to invest in our partner ecosystem, with a particular emphasis on expanding our strategic alliances and cloud-focused partnerships, such as AWS, Microsoft Azure, Google Cloud Platform, Red Hat OpenShift, ServiceNow, and VMware Tanzu.

The Dynatrace Software Intelligence Platform

Dynatrace® is a software intelligence platform, purpose-built for dynamic multicloud environments. Dynatrace® provides application and microservices monitoring ("APM"), application security, infrastructure monitoring, digital experience monitoring ("DEM"), business analytics, and cloud automation in an easy-to-use, highly automated, all-in-one solution. We engineered Dynatrace® to simplify the operation of complex multicloud environments and capture a wide variety of high-fidelity application, infrastructure, user experience, and open source telemetry data at scale. With this broad set of observability data, the Dynatrace platform dynamically maps all components in a full-stack environment and their dependencies for real-time, continuous context to provide answers to issues,

[1] Gartner, Emerging Technologies: Adoption Growth Insights for Cloud Workload Protection Platforms, Mark Wah, 27 April 2021, and Gartner, Forecast Analysis: Information Security and Risk Management, Worldwide, John A. Wheeler, Rustam Malik, et al., 9 July 2020, calculations performed by Dynatrace, using Application Security and Cloud Workload Protection Platform markets and Security Information and Event Management market segment.

bottlenecks, degradations, and more using our proprietary AI engine, Davis®. In addition, our platform provides automation, including continuous discovery, proactive anomaly detection, and optimization across the software lifecycle. We believe this combination of unparalleled observability, AI, and automation across the full multicloud ecosystem enables our customers to modernize and automate IT operations more easily, develop and release higher quality software faster, and deliver superior user experiences consistently.

Our proprietary, single-agent technology, OneAgent®, automatically and continuously discovers metrics, logs, traces, code, user experience data and more to simplify implementation and the ongoing operation of dynamic multicloud environments. We believe OneAgent® offers significant time savings to our customers by providing them the ability to automate ongoing deployment, continuous configuration, and periodic upgrades, which allows customers to quickly, efficiently, and effectively monitor more applications. In addition, when agents are not possible or necessary, customers can send OpenTelemetry data directly to the Dynatrace® platform. As a result, customers can use the OpenTelemetry open-source standard from any data source, and leverage Dynatrace's AI and automation capabilities to deliver predictability and precise actionability across their cloud-native technologies.

Our SmartScape® technology continually maps a complete topology of the full stack of modern software components and continuously updates in real-time to provide a comprehensive view of how virtual networks and infrastructure are running, what and where containers and applications are running, how processes are behaving, and how all these entities are connected and performing.

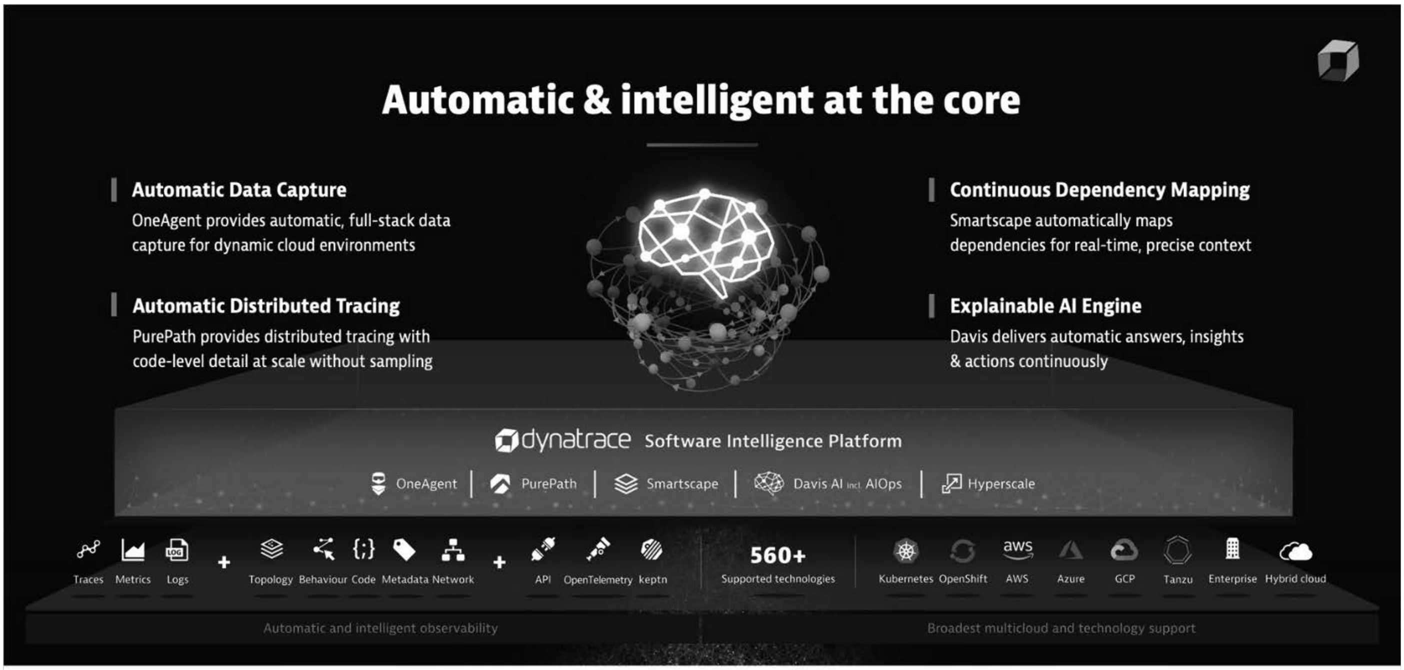
With automatic baselining, the Davis® AI engine continually learns what normal performance is, processing billions of dependencies in milliseconds, to serve up answers that are beyond human capabilities. This allows our Davis® AI engine to provide precise root-cause problem identification, enabling faster decision making, greater optimization of IT resources, and consistently better business outcomes.

We engineered Dynatrace® for web-scale, multicloud environments with enterprise-grade governance and security and the ability to provide custom and secure role-based application and topology viewing access. We designed Dynatrace® to be highly scalable to capture and analyze massive data sets produced by multicloud environments in real-time. We believe collecting high-fidelity data in one common architecture improves the intelligence of our AI engine and provides more precise answers about software performance and user activity across the full stack. Using an application program interface ("API"), customers can extend Dynatrace® into common IT operations toolsets like ServiceNow and Atlassian's software portfolio, enriching information users receive, increasing automation of business processes, and providing incremental context to improve decision making and drive greater IT operational efficiency.

Built specifically for dynamic mutlicloud and the cloud-native applications that run on them

Dynatrace® is a full-stack, all-in-one platform that performs Infrastructure Monitoring, APM, Application Security, DEM, Business Analytics, and Cloud Automation. Customers typically start with APM and expand to include DEM for experience management and Infrastructure Monitoring. Davis®, our AI engine, is part of every Dynatrace® license since it is a core component of our software intelligence approach.

We deploy our platform as a SaaS solution, with data hosted in the cloud or at the edge on customer-provisioned infrastructure. This latter option we refer to as "Managed," as we provide monthly, automatic updates and enhancements while allowing customers the flexibility and control to adhere to their own data security and sovereignty requirements.



Unified AIOps capabilities deliver unparalleled speed, efficiency and simplicity

Applications and Microservices Monitoring

Our approach to APM changes the way our customers monitor applications and manage transactions across highly complex multicloud environments. Because cloud applications are dynamic, we engineered our instrumentation to be automatic. Because cloud applications run on shared infrastructure and leverage shared services, we monitor the full stack to provide visibility into distributed transactions and underlying code (via PurePath®) as well as entity relationships and dependencies (via SmartScape®). Because dynamic multicloud environments are virtualized layers of software, we gather metrics and telemetry beyond transaction data, including user experience, log and event data, and data from the latest open-source standards, such as OpenTelemetry. And because multicloud environments are highly complex, we analyze all data in the context of their dependencies via our AI engine (Davis®). This combination of capabilities allows our customers to manage web-scale cloud environments easily, with continuous observability and insights into cloud operations, DevOps software delivery pipelines, and business outcomes. Application coverage includes, though is not limited to, traditional web and mobile environments, such as Java, .NET, and PHP; modern environments, such as Node.js and GoLang, database environments both SQL and NoSQL; mainframe environments such as CICS and IMS; and the latest serverless technologies, such as AWS Lambda, Google Cloud Functions, and Microsoft Azure Functions.

Application Security

Traditional approaches to application security cannot keep up with constantly changing multicloud environments and fast-moving DevSecOps processes, causing blind spots and uncertainty about exposures and their impact on cloud-native applications. When vulnerabilities are detected, current approaches require manual processes that deliver imprecise risk and impact analysis and force teams to waste time chasing false positives. In addition, DevSecOps processes place more responsibility on developers to ensure code does not have vulnerabilities. With current sampled or scheduled scan results, even the most common and well-documented vulnerabilities can remain undetected and open for hackers to exploit.

In December 2020, we introduced Dynatrace® Application Security on the Dynatrace® platform. Application Security enables development teams to accelerate DevSecOps processes through automation and the elimination of mundane work. Runtime Application Self-Protection automatically and continuously analyzes applications, libraries, and code at runtime in production and pre-production. In addition, Application Security provides the C-suite confidence in the security of their cloud-native production deployments.

Infrastructure Monitoring

Dynatrace® includes Infrastructure Monitoring to provide full visibility into the infrastructure layer across public, private, and multicloud environments. We offer extensive coverage, including integrations with cloud platforms, such as AWS, Azure, Google Cloud Platform, VMware Tanzu, Red Hat OpenShift and Kubernetes, by utilizing our OneAgent® instrumentation and powerful API ingestion capabilities to provide a single source of analysis across environments.

We natively and automatically monitor containers and the microservices running inside of them, without the need to manually instrument each container. Our analysis includes full observability into server metrics, including CPU, memory, network performance, and processes running on these hosts, including virtualized components. We also capture all relevant log files and put them in context of a transaction or a problem analysis to allow for richer detail and faster decision making.

Infrastructure Monitoring from Dynatrace® is part of our full-stack agent deployment or can be licensed in an infrastructure-only mode for host environments that do not require application analysis, such as third-party SaaS apps, directory services, middleware services, certificate services, and other hybrid-cloud infrastructure.

Digital Experience Management

Dynatrace® provides intelligence into the digital experience of end users and how the software can be optimized to enhance user experience and maximize conversions. Our coverage spans across multiple applications to provide a single view of a customer journey across mobile, web, kiosk, SaaS applications, and IoT devices. Dynatrace® integrates three user experience capabilities into one Digital Experience Management solution—Real User Monitoring ("RUM"), Synthetic Monitoring, and Session Replay. We believe this integration simplifies use, accelerates adoption, and increases value for our customers.

Dynatrace® RUM automatically captures every user click, tap, and swipe, regardless of device, across targeted applications. This capability is designed to enables our customers to quickly determine the impact that performance has on their conversion rates and revenue. Dynatrace monitors at a user journey level to preserve a user's context for analysis, reporting, customer care and cross-channel tracking (e.g., a journey that traverses a mobile device and PC, or IoT devices and mobile device).

Dynatrace® Synthetic Monitoring provides a proactive view into application and API performance and availability without the need for a live user of the application and can do so from multiple locations around the world. In addition, Dynatrace customers can extend test locations and test additional applications via using private on-premises nodes. Simulated user visits are scripted by clicking through an application as a user would, and then provisioned and monitored by our SaaS DEM portal. Our customers use synthetic monitoring for proactive alerting and service level agreement management for both internally built cloud applications as well as for monitoring and third-party applications, such as Salesforce, Zoom, NetSuite, ServiceNow, and more.

Dynatrace® Session Replay provides digital business teams, customer care teams, and DevOps teams a visual recording of a real user's journey, including what they saw, what they clicked-on, how they traversed the application, and how they converted or where they abandoned. This expands Dynatrace's® capabilities beyond user experience monitoring and into user behavior monitoring and analysis.

All Dynatrace® DEM capabilities use a common user interface, a common dashboard and reporting system, and a common licensing scheme called "DEM units." Customers license DEM separately and the license supports all three capabilities.

Digital Business Analytics

Dynatrace® Digital Business Analytics provides real-time, AI-powered answers to business questions using data already flowing through Dynatrace's APM and DEM modules. By tying user experience, customer behavior, and application performance data together with business metrics, Digital Business Analytics provides automatic answers about conversions, orders, churn, release validation, and customer segmentation. Traditionally, application owners and business users have used disparate, siloed tools and have manually analyzed data, which hampered their ability to run and optimize their digital business offerings in real-time. Dynatrace's AI engine Davis® is at the core of Digital Business Analytics. Davis® continually learns what expected "normal" business performance looks like and provides proactive answers to issues, enabling faster decision making, greater optimization of resources, and consistently better business outcomes. Over time, we believe Digital Business Analytics could expand our total addressable market by several billion dollars, as we enter and expand our offerings into a segment of the larger Analytics and Business Intelligence market. According to Gartner, the Analytics and Business Intelligence market within the Enterprise Application Software macro-market is estimated to be $27.4 billion globally in 2020.

Cloud Automation

In February 2021, we introduced the Dynatrace® Cloud Automation Module on the Dynatrace® platform. Cloud Automation provides developers, DevOps and SRE teams with an integrated, end-to-end observability platform across production and pre-production cloud environments, bringing together full lifecycle observability with automated delivery pipelines that span multiple clouds. This results in shorter innovation cycles, higher quality software, and faster time to market.

Cloud Automation comes with a fully supported version of Keptn, an open-source initiative, providing customers with an enterprise-grade control plane for cloud-native application lifecycle orchestration. This allows for seamless integration of DevOps toolchains with Dynatrace's automatic and intelligent platform, extending our openness and support for the broader DevOps ecosystem.

Our Classic Products

Prior to launching Dynatrace® in 2016, our solutions consisted of the following suite of APM products: AppMon, Classic Real User Monitoring, Synthetic Classic and Network Application monitoring, collectively, the Classic products. As of April 2018, the Classic products were only available to customers who had previously purchased these products and as of April 1, 2021, the Classic products reached end of support. The Classic products made up 1% of Total ARR at the end of March 2021.

Research and Development

Our research and development ("R&D") organization is responsible for designing, developing, testing, and operating all aspects of our software intelligence offerings, including addressing new use cases, adding new innovative capabilities, extending the scale and scope of our technology, and embracing modern cloud and AI technologies while maintaining high quality.

We utilize an agile development process with 100% test automation to deliver approximately 25 major software releases per year and hundreds of minor releases, fixes and currency updates. We believe the full-stack monitoring required by dynamic multicloud environments requires a highly efficient and agile process to enable high-performing software across the diverse, dynamic cloud ecosystems of our customers.

Our primary R&D labs are in Austria, Poland, and Spain. We believe that our extensive European lab network is an advantage in driving lower costs, higher quality software, and a more stable workforce.

Customers

As of March 31, 2021, we had more than 2,900 customers in 90 countries. Our customers reflect diverse industries and include Air Canada, American Fidelity Assurance, Asics, BT Consumer, Dish Network Corporation, KeyBank, The Kroger Co., Porsche Informatik GmbH, SAP SE, Temenos AG, and U-Haul. No organization or customer accounted for more than 10% of our revenue for the years ended March 31, 2021, 2020, and 2019.

Sales and Marketing

We take Dynatrace® to market through a combination of our global direct sales team and a network of partners, including resellers, system integrators and managed service providers. We target the largest 15,000 global enterprise accounts, which generally have annual revenues in excess of $1 billion, which we believe see more value from our integrated full-stack platform.

Our sales and marketing organizations seek to promote the Dynatrace brand, our platform capabilities, and develop partnerships to drive revenue growth. We utilize a variety of go-to-market strategies, including search-engine optimization, online advertising, free software trials, events, online webinars, and broad content marketing strategies. We nurture our existing customer base through ongoing education, and training, including upsell and cross-sell opportunities. We do this primarily through our digital online channels, such as the Dynatrace News blog, Dynatrace Community, and Dynatrace University, as well as our customer event series 'Perform and DynatraceGo!' – which caters to more than 10,000 customers and prospects across 11 events globally.

Partners

We develop and maintain partnerships that help us market and deliver our products to our customers around the world. Our mission is to bring together industry experts and hands-on practitioners to create a world-class partner network. In addition, our partner network extends the sales reach of the Dynatrace® platform providing new sales opportunities, renewals of existing subscriptions, as well as upsell and cross-sell opportunities. Our partner network includes:

- ***Cloud providers.*** We work with many of the major cloud providers to increase awareness of our products and make it easy for customers to access our software. Our software is developed to run in and integrate with leading cloud providers, such as, AWS, Azure, and Google Cloud Platform. Our customers are also able to procure our software through leading marketplaces such as AWS, Azure, SAP, Google and IBM.
- ***Resellers.*** Our resellers market and sell our products throughout the world and provide a go-to-market channel in regions where we do not have a direct presence, such as Africa, the Middle East, and Russia.
- ***Technology alliance partners.*** We partner with leading innovative technology organizations such as Atlassian, Red Hat, ServiceNow, and VMWare to develop integrations, best practices, and extended capabilities that help our customers and solution partners achieve faster time to market and enhanced value in dynamic multicloud environments.
- ***System integrators.*** We have a network of systems integrators, both global and regional, that help joint customers integrate our products into their multicloud ecosystems. These partners extend our scale and reach and collaborate with our direct sales teams, bringing domain expertise in technologies and industries along with additional offerings powered by Dynatrace®.

Professional Services

Our Dynatrace Services Organization empowers our customers to innovate, automate, and transform the way they work with the Dynatrace Platform. Our Services organization is comprised of a global team of highly skilled consultants, performance analysts, architects, and certified partners with thousands of hours of transformation project engagements and modernized cloud certifications across all major technologies. Our expertise and cloud modernization practices cover cloud ecosystem integration, automated incident management and problem resolution, DevOps CI/CD integration, user experience, business intelligence insights, digital business analytics, and more.

Dynatrace University is our global on-line, self-service education program that provides several learning options for customers and partners to develop their skills around monitoring, managing, integrating, and analyzing multicloud environments and application workloads with Dynatrace.

Support and SaaS Operations

Dynatrace ONE is our innovative onboarding and support service focused on simplifying and streamlining the experience our customers have with the company and our products. This service is delivered by a global team of product specialists, customer success managers, and support engineers. Dynatrace ONE uses in-product chat as the primary vehicle for customer interaction to drive adoption and growth, as well as to handle issues and user questions. We maintain a SaaS-like connection to tenants and clusters, both in the cloud and managed on customer provisioned infrastructure, using our "Mission Control" system, which allows us to streamline communication and accelerate resolution of issues. Dynatrace ONE is offered to all Dynatrace customers free of charge and includes automatic product updates and upgrades, online access to documentation, knowledge base, and discussion forums as well as access to Dynatrace University. Dynatrace ONE is comprised of technical personnel distributed across three territories and provides global coverage during normal business hours, and across multiple languages.

Dynatrace ONE Premium is an extra level of success and support services for customers who want to accelerate their adoption of our platform, increase their access to support globally 24/7, and extend their hours of expert coverage. Dynatrace ONE Premium offers dedicated expertise for customers with designated Product Specialists and Customer Success Managers familiar with the customer's environment, goals, and challenges to provide a customized success plan.

We proactively monitor our customers' Dynatrace® installations around the world, whether tenants are shared in the cloud or managed on customer-provisioned infrastructure. We operate our SaaS offerings in geographic locations across North America, Europe and Asia within AWS, combined with worldwide coverage of synthetic nodes in approximately 88 different datacenters including AWS, Microsoft Azure, Google Cloud Platform and Alibaba Cloud Services. Our Dynatrace Security Team develops new process and technology controls, while we also employ third party firms for penetration tests, security audits, and security testing.

Intellectual Property

Dynatrace relies on a combination of patent, copyright, trademark, trade dress, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights. These laws, procedures, and restrictions provide only limited protection. As of March 31, 2021, we had 84 issued patents, 67 of which are in the United States, and 29 pending applications, of which 21 are in the United States. Our issued patents expire at various dates through April 2039. We cannot be assured that any of our patent applications will result in the issuance of a patent or whether the examination process will require us to narrow the scope of the claims sought. Any future patents issued to us may be challenged, invalidated or circumvented. Any patents that may issue in the future with respect to pending or future patent applications may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers.

We have registered "Dynatrace" and the "Dynatrace" logo as trademarks in the United States and other jurisdictions for our name and our product as well as certain other words and phrases that we use in our business, including "One Agent", "PurePath", "SmartScape" and "Davis". We have registered numerous Internet domain names related to our business. We also license software from third parties for integration into our applications and utilize open-source software.

We enter into agreements with our employees, contractors, customers, partners, and other parties with which we do business to limit access to and disclosure of our proprietary information. We cannot be certain that the steps we have taken will prevent unauthorized use or reverse engineering of our technology. Moreover, others may independently develop technologies that are competitive with ours or that infringe our intellectual property. The enforcement of our intellectual property rights also depends on any legal actions against these infringers being successful, but these actions may not be successful, even when our rights have been infringed.

Furthermore, effective patent, trademark, trade dress, copyright, and trade secret protection may not be available in every country in which our products are available over the Internet. In addition, the legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and still evolving.

Competition

The market for software application monitoring and analytics solutions is evolving, complex, and defined by changing technology and customer needs. We expect competition to intensify in the future as competitors bundle new and more competitive offerings with their existing products and services, and as products and product enhancements are introduced into our markets. As we have expanded our capabilities beyond traditional APM, we increasingly compete with a wider range of vendors. We expect competition to continually evolve as enterprises shift to dynamic multicloud environments and as more mature vendors look to provide a holistic approach to monitoring.

We compete either directly or indirectly with:

- APM vendors, such as Cisco and New Relic;
- Infrastructure monitoring vendors, such as BMC, Datadog, and Nagios;
- DEM vendors, such as Akamai and Catchpoint;
- Application Security vendors, such as Palo Alto Networks, Synopsys, and Veracode;
- Open source and commercial open source vendors such as Elastic and Grafana;

- Point solutions from public cloud providers; and
- IT operations management, AIOps, and business intelligence providers with offerings that cover some portion of the capabilities we provide.

In addition to the above companies, we also face potential competition from vendors in adjacent markets that may offer capabilities that overlap with ours. We may also face competition from companies entering our market, including large technology companies which that could expand their platforms or acquire one of our competitors.

The principal competitive factors in our markets are:

- artificial intelligence capabilities;
- automation;
- product features, functionality, and reliability;
- ease and cost of deployment, use and maintenance;
- deployment options and flexibility;
- customer, technology, and platform support;
- ability to easily integrate with customers software application and IT infrastructure environments;
- the quality of data collection and correlation;
- interoperability and ease of integration; and
- brand recognition.

While we believe we compete favorably on the basis of the foregoing factors, we may be at a competitive disadvantage to certain of our current and future competitors as they may be able to devote greater resources to the development and improvement of their products and services than we can and, as a result, may be able to respond more quickly to technological changes and customers' changing needs. Moreover, because our market is changing rapidly, it is possible that new entrants, especially those with substantial resources, more efficient operating models, more rapid product development cycles or lower marketing costs, could introduce new products and services that disrupt the manner in which our all-in-one, highly automated approach addresses the needs of our customers and potential customers.

Human Capital Management

Headcount

We believe that our success is in large part due to the drive, creativity and the overall strength of our workforce. As of March 31, 2021, we had 2,779 employees operating within 30 countries, with 64% outside of the United States including 676 within Austria. In countries in which we operate we are subject to local labor law requirements. None of our employees are represented by a labor union and we have not experienced any work stoppages. We believe that our employee relations are strong.

The health and safety of our colleagues and anyone who enters our workplace around the world is of paramount importance to us. During this past fiscal year, as a result of the COVID-19 pandemic, we instituted a work from home policy to keep our employees safe in accordance with local and national health agency guidelines. Our senior leadership communicated frequently regarding the impacts of COVID-19 on the workforce and the Company and our work from home arrangement, while initiating new protocols across all offices under the direction of our COVID-19 task force. We established workplace health and safety standards based on guidance from local public health authorities, and that reflect local business necessities, and differences in laws, culture and employee needs. We also surveyed our employee base and we believe that our employees adopted well to working from home. We are planning to return to the office as the pandemic recedes and safety concerns are abated.

Compensation and Benefits

Our compensation program is designed to attract, reward and retain talented individuals who possess the skills necessary to support our business, contribute to our strategic goals and create long-term value for our stockholders. We believe that our employees should have a strong work/life balance, develop and grow personally and professionally, and be able to save for their future. We provide employees with industry-competitive compensation and benefits, including retirement savings programs, the opportunity to invest in Dynatrace at a discount through the ESPP, and medical, dental, vision, and life and disability plans. Our benefits vary around the world due to local country regulations and cultural preferences.

Diversity and Inclusion

We believe that an equitable and inclusive environment comprised of diverse teams produces more creative solutions, results in better and more innovative products, and is important to our efforts to attract and retain key talent. We are focused on building an inclusive culture and sustaining a diverse workforce through a variety of company initiatives, such as training for employees around unconscious bias and other diversity and inclusion-related topics designed to create a culture of belonging. We also provide resources and training to employees to ensure that as we continue to grow, we are hiring people of all types. Additionally, Dynatrace continues to be recognized as an employer of choice clinching awards around the globe in 2020 and 2021. Some notable awards include being named one of the Top 10 Highest-Rated Cloud Companies to Work For by Battery Ventures & Glassdoor, #1 IT company in Austria, #1 Company in Upper Austria and #6 Company overall in Austria ranked by Trend in cooperation with Statista, Kununu, and XING, Top Workplaces USA, BuiltIn Boston's Best Large Companies to Work For, Detroit Free Press' Top Workplace list. Dynatrace was also honored in a number of categories by Comparably's workplace awards including Best CEOs, Best Company Outlook, Best Company Global Culture and Best Places to Work in Boston, to name a few.

Corporate Information

Our principal executive offices are located at 1601 Trapelo Road, Suite 116, Waltham, MA 02451 and our telephone number at that address is (781) 530-1000. Our website address is www.dynatrace.com. Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report, and inclusions of our website address in this Annual Report are inactive textual references only.

The Dynatrace design logo and our other registered or common law trademarks, service marks or trade names appearing in this Annual Report are the property of Dynatrace LLC. This Annual Report includes our trademarks and trade names, including, without limitation, Dynatrace®, OneAgent®, SmartScape®, PurePath® and Davis®, which are our property and are protected under applicable intellectual property laws. Other trademarks and trade names referred to in this Annual Report are the property of their respective owners.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act are available free of charge on the Investor Relations section of our website at www.dynatrace.com as soon as reasonably practicable after we file such material with the Securities and Exchange Commission ("SEC"). The SEC maintains an Internet website at http://www.sec.gov that contains reports, and other information regarding us and other companies that file materials with the SEC electronically.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, operating results, financial condition and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Our Business and Industry

We have experienced rapid subscription revenue growth in recent periods, and our recent growth rates may not be indicative of our future growth.

We have experienced rapid subscription revenue growth in recent periods. From the year ended March 31, 2019 to the year ended March 31, 2020, our subscription revenue grew 39% from $349.8 million to $487.8 million, respectively. From the year ended March 31, 2020 to the year ended March 31, 2021, our subscription revenue grew 34% from $487.8 million to $655.2 million, respectively. From the year ended March 31, 2019 to the year ended March 31, 2020, subscription revenue as a percentage of total revenue grew from 81% to 89%, respectively. From the year ended March 31, 2020 to the year ended March 31, 2021, subscription revenue as a percentage of total revenue grew from 89% to 93% respectively. This subscription revenue growth may not be indicative of our future subscription revenue growth and we may not be able to sustain revenue growth consistent with recent history, or at all. We believe our ability to continue to increase our revenue depends on a number of factors, including, but not limited to:

- our ability to attract new customers and retain and increase sales to existing customers;
- our ability to continue to expand customer adoption of our Dynatrace® platform;
- our ability to develop our existing platform and introduce new solutions on our platform;
- continued growth of cloud-based services and solutions;
- our ability to continue to develop and offer products and solutions that are superior to those of our competitors;
- our ability to retain customers;
- our ability to expand into new geographies and markets, including the business intelligence, data analytics, and application security markets; and
- our ability to hire and retain sufficient numbers of sales and marketing, research and development and general and administrative personnel, and expand our global operations.

If we are unable to achieve any of these requirements, our subscription revenue growth will be adversely affected.

Our quarterly and annual operating results may be adversely affected due to a variety of factors, which could make our future results difficult to predict.

Our annual and quarterly revenue and operating results have fluctuated significantly in the past and may vary significantly in the future due to a variety of factors, many of which are outside of our control. Our financial results in any one quarter may not be meaningful and should not be relied upon as indicative of future performance. If our revenues, earnings or operating results fall below the expectations of investors or securities analysts in a particular quarter, or below any guidance that we may provide, the price of our common stock could decline. We may not be able to accurately predict our future billings, revenues, earnings or operating results. Some of the important factors that may cause our operating results to fluctuate from quarter to quarter or year to year include:

- fluctuations in the demand for our solutions, and the timing of purchases by our customers, particularly larger purchases;
- fluctuations in the rate of utilization by enterprise customers of the cloud to manage their business needs, or a slow-down in the migration of enterprise systems to the cloud;
- our ability to attract new customers and retain existing customers;
- our ability to expand into new geographies and markets, including the business intelligence, data analytics, and application security markets;
- the budgeting cycles and internal purchasing priorities of our customers;
- changes in customer renewal rates, churn and our ability to cross-sell additional solutions to our existing customers and our ability to up-sell additional quantities of previously purchased products to existing customers;
- the seasonal buying patterns of our customers;
- the payment terms and contract term length associated with our product sales and their effect on our billings and free cash flow;
- changes in customer requirements or market needs;
- the emergence of significant privacy, data protection, systems and application security or other threats, regulations or requirements applicable to the use of enterprise systems or cloud-based systems that we are not prepared to meet or that require additional investment by us;
- changes in the demand and growth rate of the market for software and systems monitoring and analytics solutions;

- our ability to anticipate or respond to changes in the competitive landscape, or improvements in the functionality of competing solutions that reduce or eliminate one or more of our competitive advantages;
- our ability to timely develop, introduce and gain market acceptance for new solutions and product enhancements;
- our ability to adapt and update our products and solutions on an ongoing and timely basis in order to maintain compatibility and efficacy with the frequently changing and expanding variety of software and systems that our products are designed to monitor;
- our ability to maintain and expand our relationships with strategic technology partners, who own, operate and offer the major platforms on which applications operate, with which we must interoperate and remain compatible, and from which we must obtain certifications and endorsements in order to maintain credibility and momentum in the market;
- our ability to control costs, including our operating expenses;
- our ability to efficiently complete and integrate any acquisitions or business combinations that we may undertake in the future;
- general economic, industry and market conditions, both domestically and in our foreign markets;
- the emergence of new technologies or trends in the marketplace, or a change in the trends that are important to our strategy and the value of our platform in the marketplace;
- foreign currency exchange rate fluctuations;
- the timing of revenue recognition for our customer transactions, and the effect of the mix of time-based licenses, SaaS subscriptions and perpetual licenses on the timing of revenue recognition;
- extraordinary expenses, such as litigation or other dispute-related settlement payments; and
- future accounting pronouncements or changes in our accounting policies.

Any one of the factors referred to above or the cumulative effect of some of the factors referred to above may result in our operating results being below our expectations and the expectations of securities analysts and investors and any guidance that we may provide, or may result in significant fluctuations in our quarterly and annual operating results, including fluctuations in our key performance indicators. This variability and unpredictability could result in our failure to meet our business plan or the expectations of securities analysts or investors for any period. In addition, a significant percentage of our operating expenses are fixed in nature in the short term and based on forecasted revenue trends. Accordingly, in the event of revenue shortfalls, we are generally unable to mitigate the negative impact on margins in the short term.

Market adoption of software intelligence solutions for application performance monitoring, digital experience monitoring, infrastructure monitoring, AIOps, business intelligence and analytics, and application security is relatively new and may not grow as we expect, which may harm our business and prospects.

The utilization of software intelligence solutions, such as Dynatrace®, for application performance monitoring, digital experience monitoring, infrastructure monitoring, AIOps, business intelligence and analytics, and application security is relatively new. We believe our future success will depend in large part on the growth, if any, in the demand for software intelligence solutions, particularly the demand for enterprise-wide solutions and our ability to provide solutions that meet such ever-evolving needs. We currently target the markets for application performance monitoring, or APM, infrastructure monitoring, AIOps, digital experience monitoring, business intelligence and analytics and application security. It is difficult to predict customer demand, adoption, churn and renewal rates for our new and existing solutions, the rate at which existing customers expand their usage of our solutions, the size and growth rate of the market for our solutions. Expansion in our addressable market depends on a number of factors, including the continued and growing reliance of enterprises on software applications to manage and drive critical business functions and customer interactions, increased use of microservices and containers, as well as the continued proliferation of mobile applications, large data sets, cloud computing and the Internet of Things. If our solutions do not achieve widespread adoption, we are not able to develop new solutions that meet customer needs or there is a reduction in demand for software intelligence solutions generally, it could result in reduced customer purchases, reduced renewal rates and decreased revenue, any of which will adversely affect our business, operating results and financial condition.

Our business is dependent on overall demand for software intelligence solutions and therefore reduced spending on software intelligence solutions or overall adverse economic conditions may negatively affect our business, operating results and financial condition.

Our business depends on the overall demand for software intelligence solutions, particularly demand from mid- to large-sized enterprises worldwide, and the purchase of our solutions by such organizations is often discretionary. In an economic downturn or during periods of economic or political instability, our customers may reduce their operating or IT budgets, which could cause them to defer or forego purchases of software intelligence solutions, including ours. Customers may delay or cancel IT projects or seek to lower their costs by renegotiating vendor contracts or renewals. To the extent purchases of software intelligence solutions are perceived by existing customers and potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general IT spending. Weak or turbulent global economic conditions or a reduction in software intelligence spending, even if general economic conditions remain unaffected, could adversely impact our business, operating results and financial condition in a number of ways, including longer sales cycles, lower prices for our solutions, reduced subscription renewals and lower revenue. In addition, any negative economic effects or instability resulting from changes in the political environment and international relations in the United States or other key markets as well as resulting regulatory or tax policy changes may adversely affect our business and financial results.

As the market for software intelligence solutions is new and continues to develop, trends in spending remain unpredictable and subject to reductions due to the changing technology environment and customer needs as well as uncertainties about the future.

The effects of the COVID-19 pandemic have materially affected how we and our customers are operating our businesses, and the duration and extent to which the pandemic and any related economic downturn will impact our future results of operations and overall financial performance remains uncertain.

In December 2019, a novel coronavirus disease, or COVID-19, was reported and in January 2020, the World Health Organization, or WHO, declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and on March 11, 2020, the WHO characterized COVID-19 as a pandemic. The COVID-19 pandemic, which has spread throughout the world, and the related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, customers, economies, and financial markets globally, leading to an economic downturn and increased market volatility. It has also disrupted the normal operations of many businesses, including ours.

As a result of the COVID-19 pandemic, we have temporarily closed or limited occupancy of our global offices, including our corporate headquarters and research and development labs, and suspended company-related travel to align with local guidance. Substantially all Dynatrace employees globally are working from home. We shifted our annual Sales Kickoff and other events including Perform 2021 to virtual-only experiences, and have either canceled or changed other customer and industry events to remote and online participation experiences. We may deem it advisable to similarly alter, postpone or cancel entirely additional customer, employee or industry events in the future. These changes may disrupt the way we operate our business. Given that the economic consequences of the COVID-19 pandemic have been exceptionally challenging for certain of our customers and prospects, we changed how we spend on marketing and lead generation activities, putting an increased focus on digital, on-line marketing and lead generation.

Moreover, the conditions caused by the COVID-19 pandemic can affect the rate of spending on software platforms, especially in certain industries that are particularly vulnerable to these conditions, and could adversely affect our customers' ability or willingness to purchase our offerings; the timing of our current or prospective customers' purchasing decisions; pricing discounts or extended payment terms; reductions in the amount or duration of customers' subscription contracts or term licenses; or increase customer attrition rates, all of which could adversely affect our future sales, operating results and overall financial performance.

Our operations have also begun to be affected by a range of external factors related to the COVID-19 pandemic that are not within our control. For example, many cities, counties, states, and even countries have imposed or may impose a wide range of restrictions on the physical movement and congregation of our employees, partners and customers to limit the spread of COVID-19. If the COVID-19 pandemic starts to have a substantial impact on the productivity of our employees and partners or a continued substantial impact on the attendance of our employees at a wide range of events or a continued and substantial impact on the ability of our customers to purchase our offerings, our results of operations and overall financial performance may be harmed.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions, the disruption caused by such actions, the efficacy of vaccines and rates of vaccination in various states and countries, and the impact of these and other factors on our employees, customers, partners, vendors and the global economy. If we are not able to respond to and manage the impact of such events effectively, our business will be harmed.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, including, in particular, risks related to our ability to secure customer renewals, the addition of new customers and increased revenue from existing customers, risks that our operating results could be negatively affected by changes in the sizes or types of businesses that purchase our platform and the risk that weakened global economic conditions may harm our industry, business and results of operations.

If we cannot successfully execute on our strategy and continue to develop and effectively market solutions that anticipate and respond to the needs of our customers, our business, operating results and financial condition may suffer.

The market for software intelligence solutions is at an early stage of development and is characterized by constant change and innovation, and we expect it to continue to rapidly evolve. Moreover, many of our customers operate in industries characterized by changing technologies and business models, which require them to develop and manage increasingly complex software application and IT infrastructure environments. Our future success, if any, will be based on our ability to consistently provide our customers with a unified, real-time view into the performance of their software applications and IT infrastructure, provide notification and prioritization of degradations and failures, perform root cause analysis of performance issues, and analyze the quality of their end users' experiences and the resulting impact on their businesses and brands. If we do not respond to the rapidly changing needs of our customers by developing and making available new solutions and solution enhancements that can address evolving customer needs on a timely basis, our competitive position and business prospects will be harmed.

In addition, the process of developing new technology is complex and uncertain, and if we fail to accurately predict customers' changing needs and emerging technological trends, our business could be harmed. We believe that we must continue to dedicate significant resources to our research and development efforts, including significant resources to developing new solutions and solution enhancements before knowing whether the market will accept them. For example, we made significant investments in our new application security offering. Our new solutions and solution enhancements, including our new application security offering, could fail to attain sufficient market acceptance for many reasons, including:

- delays in releasing new solutions or enhancements to the market;
- delays or failures to provide updates to customers to maintain compatibility between Dynatrace® and the various applications and platforms being used in the customers' applications and multicloud environments;
- failures to accurately predict market or customer demands;
- inability of our sales and marketing teams or those of our partners to sell solutions for new markets and product categories;
- defects, errors or failures in the design or performance of our new solutions or solution enhancements;
- negative publicity about the performance or effectiveness of our solutions;
- the introduction or anticipated introduction of competing products by our competitors; and
- the perceived value of our solutions or enhancements relative to their cost.

To the extent we are not able to continue to execute on our business model to timely and effectively develop and market applications to address these challenges and attain market acceptance, our business, operating results and financial condition will be adversely affected.

Further, we may make changes to our solutions that our customers do not value or find useful. We may also discontinue certain features, begin to charge for certain features that are currently free or increase fees for any of our features or usage of our solutions. If our new solutions, enhancements or pricing strategies do not achieve adequate acceptance in the market, our competitive position will be impaired, our revenue may decline or grow more slowly than expected and the negative impact on our operating results may be particularly acute, and we may not receive a return on our investment in the upfront research and development, sales and marketing and other expenses we incur in connection with new solutions or solution enhancements.

In addition, should customers incur damages as a result of our solutions' failure to perform as expected, for example by failing to detect security risks, the affected customer(s) may seek to terminate their contracts with or recover their damages from us and we may be exposed to reputational harm.

If our platform and solutions do not effectively interoperate with our customers' existing or future IT infrastructures, installations of our solutions could be delayed or canceled, which would harm our business.

Our success depends on the interoperability of our platform and solutions with third-party operating systems, applications, cloud platform, data and devices that we have not developed and do not control. Any changes in such operating systems, applications, cloud platforms, data or devices that degrade the functionality of our platform or solutions or give preferential treatment to competitive software could adversely affect the adoption and usage of our platform. We may not be successful in adapting our platform or solutions to operate effectively with these systems, applications, cloud platforms, data or devices. If it is difficult for our customers to access and use our platform or solutions, or if our platform or solutions cannot connect a broadening range of applications, data and devices, then our customer growth and retention may be harmed, and our business and operating results could be adversely affected.

Multicloud deployments utilize multiple third-party platforms and technologies, and these technologies are updated to new versions at a rapid pace. As a result, we deliver frequent updates to our solutions designed to maintain compatibility and support for our customers' changing technology environments and ensure our solutions' ability to continue to monitor the customer's applications. If our solutions fail to work with any one or more of these technologies or applications, or if our customers fail to install the most recent updates and versions of our solutions that we offer, our solutions will be unable to continuously monitor our customer's critical business applications.

Ensuring that our solutions are up-to-date and compatible with the technology and multicloud platforms utilized by our customers is critical to our success. We have formed alliances with many technology and cloud platform providers to provide updates to our solutions to maintain compatibility. We work with technology and cloud platform providers to understand and align updates to their product roadmaps and engage in early access and other programs to ensure compatibility of our solutions with the technology vendor's generally available release. If our relations with our technology partners degrades or ceases we may be unable to deliver these updates, or if our customers fail to install the most recent updates and versions of our solutions that we offer, then our customers' ability to benefit from our solution may decrease significantly and, in some instances, may require the customer to de-install our solution due to the incompatibility of our solution with the customer's applications.

Our future revenues and operating results will be harmed if we are unable to acquire new customers, if our customers do not renew their contracts with us, or if we are unable to expand sales to our existing customers or develop new solutions that achieve market acceptance.

To continue to grow our business, it is important that we continue to attract new customers to purchase and use our solutions. Our success in attracting new customers depends on numerous factors, including our ability to:

- offer a compelling software intelligence platform and solutions;
- execute our sales and marketing strategy;
- effectively identify, attract, on-board, train, develop, motivate and retain new sales, marketing, professional services and support personnel in the markets we pursue;
- develop or expand relationships with technology partners, systems integrators, resellers, online enterprise marketplaces and other partners including hyperscalers such as Amazon Web Services, Google Cloud Platform, Microsoft Azure, IBM Red Hat and others, some of which may also compete with us;
- expand into new geographies and markets, including the business intelligence and data analytics market;
- deploy our platform and solutions for new customers; and
- provide quality customer support and professional services.

Our customers have no obligation to renew their maintenance, SaaS and/or term-license agreements, and our customers may decide not to renew these agreements with a similar contract period, at the same prices and terms or with the same or a greater number of licenses. Although our customer retention rate has historically been strong, some of our customers have elected not to renew their agreements with us, and it is difficult to accurately predict long-term customer retention, churn and expansion rates. Our customer retention and expansion rates may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our solutions platform, our customer support and professional services, our prices and pricing plans, the competitiveness of other software products and services, reductions in our customers' spending levels, user adoption of our solutions, deployment success, utilization rates by our customers, new product releases and changes to our product offerings. If our customers do not renew their maintenance, SaaS and/or term-license agreements, or renew on less favorable terms, our business, financial condition and operating results may be adversely affected.

Our ability to increase revenue also depends in part on our ability to increase deployment of our solutions by existing customers. Our ability to increase sales to existing customers depends on several factors, including their experience with implementing and using our platform and the existing solutions they have implemented, their ability to integrate our solutions with existing technologies, and our pricing model. A failure to increase sales to existing customers could adversely affect our business, operating results and financial condition.

Failure to effectively expand our sales and marketing capabilities could harm our ability to execute on our business plan, increase our customer base and achieve broader market acceptance of our applications.

Our ability to increase our customer base and achieve broader market acceptance of our solutions will depend to a significant extent on the ability of our sales and marketing organizations to work together to drive our sales pipeline and cultivate customer and partner relationships to drive revenue growth. We have invested in and plan to continue expanding our sales and marketing organizations, both domestically and internationally. We also plan to dedicate significant resources to sales and marketing programs, including lead generation activities and brand awareness campaigns, such as our industry events, webinars and user events with an increased investment in digital or online activities. If we are unable to effectively identify, hire, on-board, train, develop, motivate and retain talented sales personnel or marketing personnel or if our new sales personnel or marketing personnel or online investments are unable to achieve desired productivity levels in a reasonable period of time, our ability to increase our customer base and achieve broader market acceptance of our applications could be harmed.

We face significant competition, which may adversely affect our ability to add new customers, retain existing customers and grow our business.

The markets in which we compete are highly competitive, fragmented, evolving, complex and defined by rapidly changing technology and customer demands, and we expect competition to continue to increase in the future. A number of companies, some of which are larger and have more resources than we do, have developed or are developing products and services that currently, or in the future may, compete with some or all of our solutions. This competition could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses and our failure to increase, or loss of, market share, any of which could adversely affect our business, operating results and financial condition.

We compete either directly or indirectly with application performance monitoring vendors such as Cisco, Broadcom, and New Relic, infrastructure monitoring vendors such as Datadog and Nagios, Digital Experience Management vendors such as Akamai and Catchpoint, point solutions from cloud providers such as Amazon Web Services, or AWS, Microsoft Azure and Google Cloud Platform, and other business intelligence and monitoring and analytics providers that provide some portion of the services that we provide. Our competitors may have longer-term and more extensive relationships with our existing and potential customers that provide them with an advantage in competing for business with those customers. Further, to the extent that one of our competitors establishes or strengthens a cooperative relationship with, or acquires one or more software application performance monitoring, data analytics, compliance or network visibility vendors, it could adversely affect our ability to compete.

We may also face competition from companies entering our market, which has a relatively low barrier to entry in some segments, including large technology companies that could expand their platforms or acquire one of our competitors. Many existing and potential competitors enjoy substantial competitive advantages, such as:

- larger sales and marketing budgets and resources;
- access to larger customer bases which often provide incumbency advantages;
- broader global distribution and presence;
- the ability to bundle competitive offerings with other products and services;
- greater brand recognition and longer operating histories;
- lower labor and development costs;

- greater resources to make acquisitions;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical, management and other resources.

Additionally, in certain circumstances, and particularly among large enterprise technology companies that have complex and large software application and IT infrastructure environments, customers may elect to build in-house solutions to address their software intelligence needs. Any such in-house solutions could leverage open source software, and therefore be made generally available at little or no cost.

These competitive pressures in our markets or our failure to compete effectively may result in fewer customers, price reductions, fewer orders, reduced revenue and gross profit, and loss of market share. Any failure to meet and address these factors could materially and adversely affect our business, operating results and financial condition.

If the prices we charge for our solutions and services are unacceptable to our customers, our operating results will be harmed.

As the market for our solutions matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are consistent with our current pricing model and operating budget. If this were to occur, it is possible that we would have to change our pricing model or reduce our prices, which could harm our revenue, gross margin and operating results. Pricing decisions may also impact the mix of adoption among our licensing and subscription models, and negatively impact our overall revenue. Moreover, large enterprises, which we expect will account for a large portion of our business in the future, may demand substantial price concessions. If we are, for any reason, required to reduce our prices, our revenue, gross margin, profitability, financial position and cash flow may be adversely affected.

We expect our billings and revenue mix to vary over time, which could harm our gross margin, cash flows, and operating results.

Our historical expansion with customers has typically been achieved by executing additional contracts, each with unique pricing and anniversary dates. We are transitioning to a program that combines these contracts into one single, often multi-year contract per customer with one single anniversary date, which may result in variability in the timing and amounts of our billings which could impact our operating results, including our deferred revenue and our remaining performance obligations. In addition, our transition away from perpetual licenses will continue to have the effect of reducing our deferred revenue balance.

Our gross margins, cash flows and operating results could also be harmed by further changes in billings and revenue mix and costs, together with numerous other factors, including: entry into new lower margin markets or growth in lower margin markets; entry into markets with different pricing and cost structures; pricing discounts; and increased price competition. Any one of these factors or the cumulative effects of certain of these factors may result in significant fluctuations in our revenues, billings, gross margin, and operating results. This variability and unpredictability could result in our failure to meet internal expectations or those of securities analysts or investors for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our common stock could decline.

If we are unable to maintain successful relationships with our partners, or if our partners fail to perform, our ability to market, sell and distribute our applications and services will be limited, and our business, operating results and financial condition could be harmed.

In addition to our sales force, we rely on partners, including our strategic partners to increase our sales and distribution of our software and services. We also have independent software vendor partners whose integrations may increase the breadth of the ecosystem in which our solutions can operate, and the size of the market that our solutions can address. We are dependent on these partner relationships to contribute to enabling our sales growth. We expect that our future growth will be increasingly dependent on the success of our partners and our partner relationships, and if those partnerships do not provide such benefits, our ability to grow our business will be harmed. If we are unable to scale our partner relationships effectively, or if our partners are unable to serve our customers effectively, we may need to expand our services organization, which could adversely affect our results of operations.

Our agreements with our partners are generally non-exclusive, meaning our partners may offer products from several different companies to their customers or have their products or technologies also interoperate with products and technologies of other companies, including products that compete with our offerings. Moreover, some of our partners also compete with us. If our partners do not effectively market and sell our offerings, choose to use greater efforts to market and sell their own products or those of our competitors or fail to meet the needs of our customers, our ability to grow our business and sell our offerings will be harmed. Furthermore, our partners may cease marketing our offerings with limited or no notice and with little or no penalty, and new partners could require extensive training and may take several months or more to achieve productivity. The loss of a substantial number of our partners, our possible inability to replace them or our failure to recruit additional partners could harm our results of operations. Our partner structure could also subject us to lawsuits or reputational harm if, for example, a partner misrepresents the functionality of our offerings to customers or violates applicable laws or our corporate policies.

We believe that our brand is integral to our future success and if we fail to cost-effectively promote or protect our brand, our business and competitive position may be harmed.

We believe that maintaining and enhancing our brand and increasing market awareness of our company and our solutions are critical to achieving broad market acceptance of our existing and future solutions and are important elements in attracting and retaining customers, partners and employees, particularly as we continue to expand internationally and introduce new products. In addition, independent industry analysts, such as Gartner and Forrester, often provide reviews of our solutions, as well as those of our competitors, and perception of our solutions in the marketplace may be significantly influenced by these reviews. We have no control over what these or other industry analysts report, and because industry analysts may influence current and potential customers, our brand could be harmed if they do not provide a positive review of our solutions or view us as a market leader.

The successful promotion of our brand and the market's awareness of our solutions and platform will depend largely upon our ability to continue to offer enterprise-grade software intelligence solutions, our ability to be thought leaders in application intelligence, our marketing efforts and our ability to successfully differentiate our solutions from those of our competitors. We have invested, and expect to continue to invest, substantial resources to promote and maintain our brand and generate sales leads, both domestically and internationally, but there is no guarantee that our brand development strategies will enhance the recognition of our brand or lead to increased sales. If our efforts to promote and maintain our brand are not cost-effective or successful, our operating results and our ability to attract and retain customers, partners and employees may be adversely affected. In addition, even if our brand recognition and customer loyalty increases, this may not result in increased sales of our solutions or higher revenue.

Our sales cycles can be long, unpredictable and vary seasonally, which can cause significant variation in the number and size of transactions that close in a particular quarter.

Our results of operations may fluctuate, in part, because of the resource-intensive nature of our sales efforts, the length and variability of the sales cycle for our platform and the difficulty in making short-term adjustments to our operating expenses. Many of our customers are large enterprises, whose purchasing decisions, budget cycles and constraints and evaluation processes are unpredictable and out of our control. The length of our sales cycle, from initial evaluation to payment for our subscriptions can range from several months to over a year and can vary substantially from customer to customer. Our sales efforts involve significant investment of resources in field sales, partner development, marketing and educating our customers about the use, technical capabilities and benefits of our platform and services. Customers often undertake a prolonged evaluation process, which frequently involves not only our platform but also those of other companies or the consideration of internally developed alternatives including those using open-source software. Some of our customers initially deploy our platform on a limited basis, with no guarantee that they will deploy our platform widely enough across their organization to justify our substantial pre-sales investment. As a result, it is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers. Large individual sales have, in some cases, occurred in quarters subsequent to those we anticipated, or have not occurred at all. If our sales cycle lengthens or our substantial upfront investments do not result in sufficient revenue to justify our investments, our operating results could be adversely affected.

We have experienced seasonal and end-of-quarter concentration of our transactions and variations in the number and size of transactions that close in a particular quarter, which impacts our ability to grow revenue over the long term and plan and manage cash flows and other aspects of our business and cost structure. Our transactions vary by quarter, with the third fiscal quarter typically being our largest. In addition, within each quarter, a significant portion of our transactions occur in the last two weeks of that quarter. If expectations for our business turn out to be inaccurate, our revenue growth may be adversely affected over time and we may not be able to adjust our cost structure on a timely basis and our cash flows and results of operations may suffer.

Any failure to offer high-quality customer support and professional services may adversely affect our relationships with our customers and our financial results.

We typically bundle customer support with arrangements for our solutions, and offer professional services for implementation and training. In deploying and using our platform and solutions, our customers may require the assistance of our services teams to resolve complex technical and operational issues. Increased customer demand for support, without corresponding revenue, could increase costs and adversely affect our operating results. We may also be unable to respond quickly enough to accommodate short-term increases in customer demand for support. If we fail to meet our service level commitments, which relate to uptime, response times, escalation procedures, and time to problem resolution, or if we suffer extended periods of unavailability for our solutions, we may be contractually obligated to provide these customers with service credits or penalties, refunds for prepaid amounts related to unused subscription services, or we could face contract terminations. Our sales are highly dependent on our reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer support and professional services, or a market perception that we do not maintain high-quality product support or services, could adversely affect our reputation, and our ability to sell our solutions to existing and new customers.

Our ability to succeed depends on the experience and expertise of our senior management team. If we are unable to retain and motivate our personnel, our business, operating results and prospects may be harmed.

Our ability to succeed depends in significant part on the experience and expertise of our senior management team, including our CEO and other executive officers. The members of our senior management team are employed on an at-will basis, which means that they are not contractually obligated to remain employed with us and could terminate their employment with us at any time. Accordingly, and in spite of our efforts to retain our senior management team, any member of our senior management team could terminate his or her employment with us at any time and go to work for one of our competitors, after the expiration of any applicable non-compete period, which may be difficult to enforce depending on the circumstances. The loss of one or more members of our senior management team, particularly if closely grouped, could adversely affect our ability to formulate and execute our business plan and thus, our business, operating results and prospects could be adversely affected. If we fail to develop effective succession plans for our senior management team, and to identify, recruit, onboard, train and integrate strategic hires, our business, operating results and financial condition could be adversely affected.

We rely on highly skilled personnel and, if we are unable to attract, retain or motivate substantial numbers of qualified personnel or expand and train our sales force, we may not be able to grow effectively.

Our success largely depends on the talents and efforts of key technical, sales and marketing employees and our future success depends on our continuing ability to effectively identify, hire, on-board, train, develop, motivate and retain highly skilled personnel for all areas of our organization. Competition in our industry is intense and often leads to increased compensation and other personnel costs. In addition, competition for employees with experience in our industry can be intense, particularly in Europe, where our research and development operations are concentrated and where other technology companies compete for management and engineering talent. Our continued ability to compete and grow effectively depends on our ability to attract substantial numbers of qualified new employees and to retain and motivate our existing employees.

We believe that our corporate culture has contributed to our success, and if we cannot successfully maintain our culture as we grow, we could lose the innovation, creativity and teamwork fostered by our culture.

We believe that a critical component to our success has been our corporate culture. We believe our culture has contributed significantly to our abilities to innovate and develop new technologies, and to attract and retain employees. We have spent substantial time and resources in building our team while maintaining this corporate culture. We have experienced rapid growth in our employee headcount and international presence. The rapid influx of large numbers of people from different business backgrounds in different geographic locations may make it difficult for us to maintain our corporate culture of innovation. If our culture is negatively affected, our ability to support our growth and innovation may diminish.

Our debt obligations contain restrictions that impact our business and expose us to risks that could adversely affect our liquidity and financial condition.

At March 31, 2021, we had approximately $425.0 million of aggregate indebtedness, as defined in the Credit Agreement, consisting of $401.1 million outstanding under our first lien term loan facility, $15.6 million outstanding under a $25.0 million letter of credit sub-facility and $9.2 million in unamortized debt issuance fees. Under our first lien term loan facility, we are required to repay approximately $2.4 million of principal at the end of each quarter (commencing March 31, 2019) and are required to pay accrued interest on the last day of each interest accrual period. During the second quarter of fiscal 2020, we repaid all outstanding borrowings and accrued interest under our second lien term loan facility and recognized a loss on debt extinguishment of $2.7 million within “Interest expense, net” in the consolidated statements of operations for the year ended March 31, 2020. Interest accrual periods under each loan facility are typically one month in duration. The actual amounts of our debt servicing payments vary based on the amounts of indebtedness outstanding, the applicable interest accrual periods and the applicable interest rates, which vary based on prescribed formulas. Our cash paid for interest was approximately $12.5 million, $39.6 million, and $41.0 million during the years ended March 31, 2021, 2020, and 2019, respectively.

The credit and guaranty agreement, which we refer to as our Credit Agreement, governing our term loan facility and our revolving credit facility, which we refer to as our Credit Facility, contains various covenants that are operative so long as our Credit Facility remains outstanding. The covenants, among other things, limit our and certain of our subsidiaries’ abilities to:

- incur additional indebtedness or guarantee indebtedness of others;
- create additional liens on our assets;
- pay dividends and make other distributions on our capital stock, and redeem and repurchase our capital stock;
- make investments, including acquisitions;
- make capital expenditures;
- enter into mergers or consolidations or sell assets;
- engage in sale and leaseback transactions; or
- enter into transactions with affiliates.

Our Credit Facility also contains numerous affirmative covenants, including financial covenants. Even if our Credit Facility is terminated, any additional debt that we incur in the future could subject us to similar or additional covenants. For a more detailed description of our indebtedness, see Note 9 to our consolidated financial statements.

If we experience a decline in cash flow due to any of the factors described in this “Risk Factors” section or otherwise, we may have difficulty paying the interest and principal amount of our outstanding indebtedness and meeting the financial covenants set forth in our Credit Facility. If we are unable to generate sufficient cash flow or otherwise to obtain the funds necessary to make required payments under our Credit Facility, or if we fail to comply with the various requirements of our indebtedness, we could default under our Credit Facility. Our Credit Facility also contains provisions that trigger repayment obligations or an event of default upon a change of control, as well as various representations and warranties which, if breached, could lead to an event of default. Any such default that is not cured or waived could result in an acceleration of indebtedness then outstanding under our Credit Facility, an increase in the applicable interest rates under our Credit Facility, and a requirement that our subsidiaries that have guaranteed our Credit Facility pay the obligations in full, and would permit the lenders to exercise remedies with respect to all of the collateral that is securing our Credit Facility, including substantially all of our and our subsidiary guarantors’ assets. We cannot be certain that our future operating results will be sufficient to ensure compliance with the covenants in our Credit Agreement or to remedy any defaults under our Credit Agreement. In addition, in the event of any default and related acceleration, we may not have or be able to obtain sufficient funds to make any accelerated payments. Any such default could have a material adverse effect on our liquidity, financial condition and results of operations.

Our substantial level of indebtedness could materially and adversely affect our financial condition.

We now have, and expect to continue to have, significant indebtedness that could result in a material and adverse effect on our business by:

- increasing our vulnerability to general adverse economic and industry conditions;

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, research and development efforts and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- exposing us to the risk of increased interest rates as certain of our borrowings are, and may in the future be, at variable interest rates.

The occurrence of any one of these events could have a material adverse effect on our business, financial condition, results of operations and ability to satisfy our obligations under our Credit Facility.

We may need to refinance all or a portion of our indebtedness, including our Credit Facility, at or before maturity. We may not be able to accomplish any of these alternatives on terms acceptable to us, or at all. In addition, our existing Credit Agreement restricts us, and future credit agreements may restrict us, from adopting any of these alternatives. The failure to generate sufficient cash flow or to achieve any of these alternatives could materially adversely affect our ability to pay the amounts due under our Credit Agreement.

Failure to maintain our credit ratings could adversely affect our liquidity, capital position, ability to hedge certain financial risks, borrowing costs and access to capital markets.

Our credit risk is evaluated by the major independent rating agencies, and such agencies have in the past and could in the future downgrade our ratings. We cannot assure you that we will be able to maintain our current credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, may have a negative impact on our liquidity, capital position, ability to hedge certain financial risks and access to capital markets. In addition, changes by any rating agency to our outlook or credit rating could increase the interest we pay on outstanding or future debt.

Risks Related to Information Technology, Intellectual Property, and Data Security and Privacy

Security breaches, computer malware, computer hacking attacks and other security incidents could harm our business, reputation, brand and operating results.

Security incidents have become more prevalent across industries and may occur on our systems, or on the systems of third parties we use to host our solutions or SaaS solutions that we use in the operation of our business, or on those third party hosting platforms on which our customers' host their systems. These security incidents may be caused by or result in but are not limited to security breaches, computer malware or malicious software, ransomware, computer hacking, denial of service attacks, security system control failures in our own systems or from vendors we or our customers use, email phishing, software vulnerabilities, social engineering, sabotage, drive-by downloads and the malfeasance of our own or our customers' employees. In particular, because we utilize a multi-tenant platform, any security breach could potentially affect a significant amount of our customers. The consequences of a security incident may be more severe if customers have chosen to configure our platform to collect and store confidential, personal, sensitive or proprietary information. Such security incidents, whether intentional or otherwise, may result from actions of employees, hackers, criminals, nation states, vendors, contractors, customers or other threat actors. We have experienced a small number of email phishing attacks that resulted in the compromise of a limited number of email accounts. Although we have taken significant measures to detect, effectively remediate and prevent future phishing and other attacks and security threats, we cannot be certain that our efforts will be effective to prevent and remediate all attacks and security threats.

Cyber incidents have been increasing in sophistication and frequency and can include employees or third parties gaining access to employee or customer data using stolen or inferred credentials, computer malware, viruses, spamming, phishing attacks, ransomware, card skimming code, and other deliberate attacks and attempts to gain unauthorized access. As a result, unauthorized access to, security breaches of, or denial-of-service attacks against our platform could result in the unauthorized access to or use of, and/or loss of, such data, as well as loss of intellectual property, customer data, employee data, trade secrets, or other confidential or proprietary information.

We and certain of our service providers have experienced and may in the future experience disruptions, outages and other performance problems on our internal systems due to service attacks, unauthorized access or other security related incidents. Any security breach or loss of system control caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss, modification or corruption of data, software, hardware or other computer equipment and the inadvertent transmission of computer malware could harm our business, operating results and financial condition, and expose us to claims arising from loss or unauthorized disclosure of confidential or personal information or data and the related breach of our contracts with customers or others, or of privacy or data security laws. If an actual or perceived security incident occurs, the market perception of the effectiveness of our security controls could be harmed, our brand and reputation could be damaged, we could lose customers, and we could suffer financial exposure due to such events or in connection with remediation efforts, investigation costs, regulatory fines including fines assessed under the European General Data Protection Regulation, or GDPR, or other privacy laws, private lawsuits and changed security control, system architecture and system protection measures.

We may in the future experience disruptions, outages and other performance problems on the systems that we host for our customers due to service attacks, unauthorized access or other security related incidents. Any security breach or loss of system control caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss, modification or corruption of data, software, hardware or other computer equipment and the inadvertent transmission of computer malware could disrupt the services that we provide to our customers, harm our customers' business, operating results and financial condition, and expose us to claims from our customers for the damages that result, which could include, without limitation, claims arising from loss or unauthorized access, acquisition or disclosure of confidential or personal information or data and the related breach of privacy or data security laws. If an actual or perceived security incident occurs, the market perception of the effectiveness of our security controls could be harmed, our brand and reputation could be damaged, we could lose customers, and we could suffer financial exposure due to such events or in connection with remediation efforts, investigation costs, regulatory fines including fines assessed under GDPR or other privacy laws, private lawsuits and changed security control, system architecture and system protection measures.

We have administrative, technical, and physical security measures in place, as well as policies and procedures in place to contractually require third parties to whom we transfer data to implement and maintain appropriate security measures. We also proactively employ multiple methods at different layers of our systems to defend against intrusion and attack and to protect our data. However, because the techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against or even penetrate a target, we may be unable to anticipate these techniques or to implement adequate preventative measures that will be sufficient to counter all current and emerging technology threats. We may therefore experience security breaches that may remain undetected for extended periods of time. For example, in December 2020 it was widely reported that SolarWinds, an information technology company, was the subject of a cyberattack earlier in September 2019 where the SUNBURST malicious code was injected into builds of their Orion software platform that created security vulnerabilities to customers who use Orion. We used SolarWinds Orion software and upon learning of the incident, we took recommended actions to detect any unauthorized access as well as mitigate the compromised system. More recently, SolarWinds provided an update from its investigations regarding the deployment of the malicious tool into its build environment. However, the full extent and consequences of the cyberattack may not be fully understood and, in the future, it is possible that our systems and/or data may be compromised as a result of this incident. While we do not believe at this time that the SolarWinds matter had a material impact on our systems or operations, should new or different information come to light establishing that the intrusion is broader than now known, it could have a broader impact on our systems and operations and we could incur significant costs in responding to such intrusion. This is likewise true in the event SolarWinds has an impact on our supply chain or vendors in ways that are not yet known. A vendor breach could spread to our own systems or affect our operations or financial systems in material ways we cannot yet anticipate.

Because data security is a critical competitive factor in our industry, we make statements in our privacy policies and in our marketing materials, describing the security of our platform, including descriptions of certain security measures we employ or security features embedded within our products. Should any of these statements be untrue, become untrue, or be perceived to be untrue, even if through circumstances beyond our reasonable control, or if any of these security measures or features prove to be ineffective or are perceived to be ineffective, we may face claims, including claims of unfair or deceptive trade practices or breach of regulations including GDPR, brought by the U.S. Federal Trade Commission, state, local or foreign regulators (e.g., a European Union-based data protection authority) or private litigants.

If any unauthorized access to our systems or data, security breach, or significant denial-of-service attack occurs or is believed to have occurred, our reputation and brand could be damaged, we could be required to expend significant capital and other resources to alleviate problems caused by such actual or perceived breaches or attacks and remediate our systems, and we could be exposed to a risk of loss, litigation or regulatory action and possible liability, some or all of which may not be covered by insurance, and our ability to operate our business may be impaired. We have in the past experienced, and may in the future experience, data security incidents affecting personal information, as well as denial-of-service attacks against our platform.

Interruptions with the delivery of our SaaS solutions, or third-party cloud-based systems that we use in our operations, may adversely affect our business, operating results and financial condition.

Our continued growth depends on the ability of our customers to access our platform and solutions, particularly our cloud-based solutions, at any time and within an acceptable amount of time. In addition, our ability to access certain third-party SaaS solutions is important to our operations and the delivery of our customer support and professional services, as well as our sales operations.

We have experienced, and may in the future experience, service disruptions, outages and other performance problems both in the delivery of our SaaS solutions, and in third-party SaaS solutions we use due to a variety of factors, including infrastructure changes, malicious actors including disgruntled employees, human or software errors or capacity constraints. We utilize a multi-tenant structure, meaning that, generally, our customers are hosted on a shared platform. As such, any interruption in service could affect a significant number of our customers. In some instances, we or our third-party service providers may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve the performance of our SaaS solutions as they become more complex. If our SaaS solutions are unavailable or degraded or if our customers are unable to access features of our SaaS solutions within a reasonable amount of time or at all, our business would be adversely affected. In addition, if any of the third-party SaaS solutions that we use were to experience a significant or prolonged outage or security breach, our business could be adversely affected.

We currently host our Dynatrace® solutions primarily using AWS, as well as other providers of cloud infrastructure services including Microsoft Azure, Interoute and Alibaba. Our Dynatrace® solutions reside on hardware operated by these providers. Our operations depend on protecting the virtual cloud infrastructure hosted in AWS by maintaining its configuration, architecture, features and interconnection specifications, as well as the information stored in these virtual data centers and which third-party internet service providers transmit. Although we have disaster recovery plans, including the use of multiple AWS locations, any incident affecting AWS' infrastructure that may be caused by fire, flood, severe storm, earthquake or other natural disasters, cyber-attacks, terrorist or other attacks, and other similar events beyond our control could negatively affect our platform and our ability to deliver our solutions to our customers. A prolonged AWS service disruption affecting our SaaS platform for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the AWS services we use.

AWS has the right to terminate our agreement upon material uncured breach on 30 days' prior written notice. In the event that our AWS service agreements are terminated, or there is a lapse of service, we would experience interruptions in access to our platform as well as significant delays and additional expense in arranging new facilities and services and/or re-architecting our solutions for deployment on a different cloud infrastructure, which would adversely affect our business, operating results and financial condition.

Because users are able to configure our platform to collect and store confidential, personal or proprietary information, security concerns could result in additional cost and liability to us or inhibit sales of our products.

Our risks are significantly affected by the data that customers elect to monitor and how they configure the tools available to them to mask personal data. Our customers determine the notices that they provide to data subjects as well as the consents that they obtain, if they do in fact, obtain consent. As such, our risks are also affected by how our customers obtain consent or provide transparency to the individuals whose data is collected. If our customers fail to comply with applicable law or fail to provide adequate notice or to obtain consent we could be exposed to a risk of loss, litigation or regulatory action and possible liability, some or all of which may not be covered by insurance, and our ability to operate our business may be impaired.

Real or perceived errors, failures, defects or vulnerabilities in our solutions could adversely affect our financial results and growth prospects.

Our solutions and underlying platform are complex, and in the past, we or our customers have discovered software errors, failures, defects and vulnerabilities in our solutions after they have been released, including after new versions or updates are released. Our solutions and our platform are often deployed and used in large-scale computing environments with different operating systems, system management software and equipment and networking configurations, which have in the past, and may in the future, cause errors in, or failures of, our solutions or other aspects of the computing environment into which they are deployed. In addition, deployment of our solutions into complicated, large-scale computing environments have in the past exposed, and may, in the future, expose undetected errors, failures, defects or vulnerabilities in our solutions. Despite testing by us, errors, failures, defects or vulnerabilities may not be found in our solutions until they are released to our customers or thereafter. Real or perceived errors, failures, defects or vulnerabilities in our solutions could result in, among other things, negative publicity and damage to our reputation, lower renewal rates, loss of or delay in market acceptance of our solutions, loss of competitive position or claims by customers for losses sustained by them or expose us to breach of contract claims, regulatory fines and related liabilities. If vulnerabilities in our solutions are exploited by third parties, our customers could experience damages or losses for which our customers seek to hold us accountable. In the case of real or perceived errors, failures, defects or vulnerabilities in our solutions giving rise to claims by customers, we may be required, or may choose, for regulatory, contractual, customer relations or other reasons, to expend additional resources in order to help correct the problem.

Assertions by third parties of infringement or other violations by us of their intellectual property rights, or other lawsuits brought against us, could result in significant costs and substantially harm our business, operating results and financial condition.

Patent and other intellectual property disputes are common in the markets in which we compete. Some companies in the markets in which we compete, including some of our competitors, own large numbers of patents, copyrights, trademarks and trade secrets, which they may use to assert claims of infringement, misappropriation or other violations of intellectual property rights against us, our partners, our technology partners or our customers. As the number of patents and competitors in our market increase, allegations of infringement, misappropriation and other violations of intellectual property rights may also increase. Our broad solution portfolio and the competition in our markets further exacerbate the risk of additional third-party intellectual property claims against us in the future. Any allegation of infringement, misappropriation or other violation of intellectual property rights by a third party, even those without merit, could cause us to incur substantial costs and resources defending against the claim, could distract our management from our business, and could cause uncertainty among our customers or prospective customers, all of which could have an adverse effect on our business, operating results and financial condition. We cannot assure you that we are not infringing or otherwise violating any third-party intellectual property rights.

Furthermore, companies that bring allegations against us may have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend against similar allegations that may be brought against them than we do. We have received, and may in the future receive, notices alleging that we have misappropriated, misused or infringed other parties' intellectual property rights, including allegations made by our competitors, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement assertions. There also is a market for acquiring third-party intellectual property rights and a competitor, or other entity, could acquire third-party intellectual property rights and pursue similar assertions based on the acquired intellectual property. They may also make such assertions against our customers or partners.

An adverse outcome of a dispute may require us to take several adverse steps such as: pay substantial damages, including potentially treble damages, if we are found to have willfully infringed a third party's patents or copyrights; cease making, using, selling, licensing, importing or otherwise commercializing solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to attempt to redesign our solutions or otherwise to develop non-infringing technology, which may not be successful; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or intellectual property rights or have royalty obligations imposed by a court; or indemnify our customers, partners and other third parties. Any damages or royalty obligations we may become subject to, any prohibition against our commercializing our solutions as a result of an adverse outcome could harm our business and operating results.

Additionally, our agreements with customers and partners include indemnification provisions, under which we agree to indemnify them for losses suffered or incurred as a result of allegations of intellectual property infringement and, in some cases, for damages caused by us to property or persons or other third-party allegations. Furthermore, we have agreed in certain instances to defend our partners against third-party claims asserting infringement of certain intellectual property rights, which may include patents, copyrights, trademarks or trade secrets, and to pay judgments entered on such assertions. Large indemnity payments could harm our business, operating results and financial condition.

Failure to protect and enforce our proprietary technology and intellectual property rights could substantially harm our business, operating results and financial condition.

The success of our business depends on our ability to protect and enforce our proprietary rights, including our patents, trademarks, copyrights, trade secrets and other intellectual property rights, throughout the world. We attempt to protect our intellectual property under patent, trademark, copyright and trade secret laws, and through a combination of confidentiality procedures, contractual provisions and other methods, all of which offer only limited protection. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create products and services that compete with ours. In the past, we have been made aware of public postings of portions of our source code. It is possible that released source code could reveal some of our trade secrets, and impact our competitive advantage. Some license provisions protecting against unauthorized use, copying, transfer, reverse engineering, and disclosure of our technology may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. In expanding our international activities, our exposure to unauthorized copying and use of our technology and proprietary information may increase.

As of March 31, 2021, we had 84 issued patents, 67 of which are in the United States, and 29 pending applications, of which 21 are in the United States. Our issued patents expire at various dates through April 2039. The process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may choose not to seek patent protection for certain innovations and may choose not to pursue patent protection in certain jurisdictions. Furthermore, it is possible that our patent applications may not result in issued patents, that the scope of the claims in our issued patents will be insufficient or not have the coverage originally sought, that our issued patents will not provide us with any competitive advantages, and that our issued patents and other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. In addition, issuance of a patent does not guarantee that we have an absolute right to practice our patented technology, or that we have the right to exclude others from practicing our patented technology. As a result, we may not be able to obtain adequate patent protection or to enforce our issued patents effectively.

In addition to patented technology, we rely on our unpatented proprietary technology and trade secrets. Despite our efforts to protect our proprietary technology and trade secrets, unauthorized parties may attempt to misappropriate, reverse engineer or otherwise obtain and use them. The contractual provisions that we enter into with employees, consultants, partners, vendors and customers may not prevent unauthorized use or disclosure of our proprietary technology or trade secrets and may not provide an adequate remedy in the event of unauthorized use or disclosure of our proprietary technology or trade secrets.

Moreover, policing unauthorized use of our technologies, solutions and intellectual property is difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. We may be unable to determine the extent of any unauthorized use or infringement of our solutions, technologies or intellectual property rights.

From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others or to defend against allegations of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results, financial condition and cash flows. If we are unable to protect our intellectual property rights, our business, operating results and financial condition will be harmed.

Our use of open source technology could impose limitations on our ability to commercialize our solutions and platform and application intelligence software platform.

We use open source software in our solutions and platform and expect to continue to use open source software in the future. Although we monitor our use of open source software to avoid subjecting our solutions and platform to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open source licenses have not been interpreted by U.S. courts. As a result, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions. In such an event, we could be required to seek licenses from third parties to continue offering our solutions, to make our proprietary code generally available in source code form, to re-engineer our solutions or to discontinue the sale of our solutions if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business, operating results and financial condition.

Our participation in open source initiatives may limit our ability to enforce our intellectual property rights in certain circumstances.

As part of our strategy to broaden our target markets and accelerate adoption of our products, we contribute software program code to certain open source projects, managed by organizations such as Microsoft, Google and Cloud Native Computing Foundation. We also undertake our own open source initiatives to promote "open innovation" and "enterprise openness," meaning that we make technologies available under open source licenses with the goal of exchanging insights and experience with other experts in the community, broadening the adoption of our platform by our customers, and providing our partners with the ability to leverage their own technologies through the Dynatrace® platform. In some cases, we accept contributions of code from the community, our customers and partners.

When we contribute to a third-party managed open source project, the copyrights, patent rights and other proprietary rights in and to the technologies, including software program code, owned by us that we contribute to these projects are licensed to the project managers and to all other contributing parties without restriction on further use or distribution. If and to the extent that any of the technologies that we contribute, either alone or in combination with the technologies that may be contributed by others, practice any inventions that are claimed under our patents or patent applications, then we may be unable to enforce those claims or prevent others from practicing those inventions, regardless of whether such other persons also contributed to the open source project (even if we were to conclude that their use infringes our patents with competing offerings), unless any such third party asserts its patent rights against us. This limitation on our ability to assert our patent rights against others could harm our business and ability to compete. In addition, if we were to attempt to enforce our patent rights, we could suffer reputational injury among our customers and the open source community.

Any actual or perceived failure by us to comply with stringent and evolving privacy laws or regulatory requirements in one or multiple jurisdictions, privacy and information security policies and contractual obligations could result in proceedings, actions or penalties against us.

We are subject to federal, state, and international laws, regulations and standards relating to the collection, use, disclosure, retention, security, transfer and other processing of personal data. The legal and regulatory framework for privacy, data protection and security issues worldwide is rapidly evolving and as a result implementation standards, potential fines, enforcement practices and litigation risks are likely to remain uncertain for the foreseeable future. In addition, our contracts with customers include specific obligations regarding the protection of confidentiality and the permitted uses of personally identifiable and other proprietary information.

Internationally, virtually every jurisdiction in which we operate has established its own privacy, data protection and/or data security legal framework with which we or our customers must comply, including but not limited to the European Union. In the EU, data protection laws are stringent and continue to evolve, resulting in possible significant operational costs for internal compliance and risk to our business. The EU has adopted the GDPR, which became effective and enforceable across all then-current member states of the EU on May 25, 2018 and contains numerous requirements and changes from prior EU law, including more robust obligations on data processors and heavier documentation requirements for data protection compliance programs by companies. Specifically, the GDPR introduced numerous privacy-related changes for companies operating in the EU, including heightened notice and consent requirements, greater rights of data subjects (e.g., the "right to be forgotten"), increased data portability for EU consumers, additional data breach notification and data security requirements, requirements for engaging third-party processors, and increased fines. In particular, under the GDPR, fines of up to 20 million euros or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR's requirements, such as failure to accurately maintain required documentation as a data processor or controller under Article 30 and other provisions of the GDPR. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages. The GDPR applies to any company established in the EU as well as any company outside the EU that processes personal data in connection with the offering of goods or services to individuals in the EU or the monitoring of their behavior. Moreover, the GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information. Following the U.K.'s withdrawal from the EU on January 31, 2020 and the end of the transitional arrangements agreed between the U.K. and EU as of January 1, 2021, the GDPR has been incorporated into U.K. domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018 and amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 ('U.K. GDPR'). U.K.-based organizations doing business in the EU will need to continue to comply with the EU GDPR. Further, there is uncertainty with regard to how data transfers to and from the U.K. will be regulated.

In addition to the GDPR, the EU also is considering another draft data protection regulation. The proposed regulation, known as the Regulation on Privacy and Electronic Communications, or ePrivacy Regulation, would replace the current ePrivacy Directive. Originally planned to be adopted and implemented at the same time as the GDPR, the ePrivacy Regulation has been delayed but could be enacted sometime in the relatively near future. While the new regulation contains protections for those using communications services (for example, protections against online tracking technologies), the potential timing of its enactment significantly later than the GDPR means that additional time and effort may need to be spent addressing differences between the ePrivacy Regulation and the GDPR. New rules related to the ePrivacy Regulation are likely to include enhanced consent requirements in order to use communications content and communications metadata, as well as obligations and restrictions on the processing of data from an end-user's terminal equipment, which may negatively impact our product offerings and our relationships with our customers.

Preparing for and complying with the evolving application of the GDPR and the ePrivacy Regulation (if and when it becomes effective) has required and will continue to require us to incur substantial operational costs and may require us to change our business practices. Despite our efforts to bring practices into compliance with the GDPR and before the effective date of the ePrivacy Regulation, we may not be successful either due to internal or external factors such as resource allocation limitations. Non-compliance could result in proceedings, fines or penalties against us by governmental entities, customers, data subjects, consumer associations or others.

Additionally, the GDPR imposes strict rules on the transfer of personal data outside of the EU to countries that do not ensure an adequate level of protection, like the United States (so-called "third countries"). These transfers are prohibited unless an appropriate safeguard specified by the GDPR is implemented, such as the Standard Contractual Clauses (SCCs) approved by the European Commission or binding corporate rules, or a derogation applies. The Court of Justice of the European Union (the "CJEU") recently deemed that transfers made pursuant to the EU SCCs and other alternative transfer mechanisms, including binding corporate rules, need to be analyzed on a case-by-case basis to ensure EU standards of data protection are met in the jurisdiction where the data importer is based, and there continue to be concerns about whether these transfer mechanisms will face additional challenges. European regulators have issued recent guidance following the CJEU case that imposes significant new diligence requirements on transferring data outside the EU, including under an approved transfer mechanism. This guidance requires an "essential equivalency" assessment of the laws of the destination country transferred. If essentially equivalent protections are not available in the destination country, the exporting entity must then assess if supplemental measures can be put in place that, in combination with the chosen transfer mechanism, would address the deficiency in the laws and ensure that essentially equivalent protection can be given to the data. While we have taken steps to mitigate the impact on us with respect to transfers of data, such as implementing standard contractual clauses with our customers, subsidiaries and subprocessors, the validity of these transfer mechanisms remains uncertain. Complying with this guidance as it exists today and evolves will be expensive and time consuming and may ultimately prevent us from transferring personal data outside the EU, which would cause significant business disruption for ourselves and our customers and potentially require the changes in the way our products are configured, hosted and supported.

In the United States, California enacted the California Consumer Privacy Act ("CCPA"), on June 28, 2018, which became effective on January 1, 2020. The CCPA gives California residents rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the U.S., which could increase our potential liability and adversely affect our business.

Additionally, a new California ballot initiative, the California Privacy Rights Act, or "CPRA," was passed in November 2020. Effective starting on January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The effects of the CCPA and the CPRA are potentially 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 and increase our potential exposure to regulatory enforcement and/or litigation.

Certain other state laws impose similar privacy obligations and we also expect anticipate that more states to may enact legislation similar to the CCPA, which provides consumers with new privacy rights and increases the privacy and security obligations of entities handling certain personal information of such consumers. The CCPA has prompted a number of proposals for new federal and state-level privacy legislation. Such proposed legislation, if enacted, may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies. Virginia has recently passed its own data protection law, the Consumer Data Protection Act, which will go into effect on January 1, 2023, at the same time as the CPRA. The Virginia Consumer Data Protection Act is similar to the CCPA with respect to its requirements and provides for civil penalties; however there is no private right of action.

The regulatory framework governing the collection, processing, storage, use and sharing of certain information, particularly financial and other personal information, is rapidly evolving and is likely to continue to be subject to uncertainty and varying interpretations. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our services and platform capabilities. Any failure or perceived failure by us, or any third parties with which we do business, to comply with our posted privacy policies, changing consumer expectations, evolving laws, rules and regulations, industry standards, or contractual obligations to which we or such third parties are or may become subject, may result in actions or other claims against us by governmental entities or private actors, the expenditure of substantial costs, time and other resources or the incurrence of significant fines, penalties or other liabilities. In addition, any such action, particularly to the extent we were found to be guilty of violations or otherwise liable for damages, would damage our reputation and adversely affect our business, financial condition and results of operations.

We cannot yet fully determine the impact these or future laws, rules, regulations and industry standards may have on our business or operations. Any such laws, rules, regulations and industry standards may be inconsistent among different jurisdictions, subject to differing interpretations or may conflict with our current or future practices. Additionally, our customers may be subject to differing privacy laws, rules and legislation, which may mean that they require us to be bound by varying contractual requirements applicable to certain other jurisdictions. Adherence to such contractual requirements may impact our collection, use, processing, storage, sharing and disclosure of various types of information including financial information and other personal information, and may mean we become bound by, or voluntarily comply with, self-regulatory or other industry standards relating to these matters that may further change as laws, rules and regulations evolve. Complying with these requirements and changing our policies and practices may be onerous and costly, and we may not be able to respond quickly or effectively to regulatory, legislative and other developments. These changes may in turn impair our ability to offer our existing or planned features, products and services and/or increase our cost of doing business. As we expand our customer base, these requirements may vary from customer to customer, further increasing the cost of compliance and doing business.

We publicly post documentation regarding our practices concerning the collection, processing, use and disclosure of data. Although we endeavor to comply with our published policies and documentation, we may at times fail to do so or be alleged to have failed to do so. Any failure or perceived failure by us to comply with our privacy policies or any applicable privacy, security or data protection, information security or consumer-protection related laws, regulations, orders or industry standards could expose us to costly litigation, significant awards, fines or judgments, civil and/or criminal penalties or negative publicity, and could materially and adversely affect our business, financial condition and results of operations. The publication of our privacy policy and other documentation that provide promises and assurances about privacy and security can subject us to potential state and federal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices, which could, individually or in the aggregate, materially and adversely affect our business, financial condition and results of operations.

Risks Related to Legal, Regulatory, Accounting, and Tax Matters

Changes in U.S. tax law could adversely affect our business and financial condition.

The laws, rules and regulations dealing with U.S. federal, state, and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. In recent years, many changes have been made to applicable tax laws and changes are likely to continue to occur in the future.

For example, the Tax Cuts and Jobs Act, or the TCJA, was enacted in 2017 and made significant changes to corporate taxation, including the reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, the limitation of the tax deduction for net interest expense to 30% of adjusted taxable income (except for certain small businesses), the limitation of the deduction for net operating losses from taxable years beginning after December 31, 2017 to 80% of current year taxable income and the elimination of net operating loss carrybacks generated in taxable years ending after December 31, 2017 (though any such net operating losses may be carried forward indefinitely), and the modification or repeal of many business deductions and credits, in each case, as modified by the CARES Act (as defined below). In addition, on March 27, 2020, former President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security Act" or the "CARES Act", which included certain changes in tax law intended to stimulate the U.S. economy in light of the COVID-19 coronavirus outbreak, including temporary beneficial changes to the treatment of net operating losses, interest deductibility limitations and payroll tax matters. Under the CARES Act, the limitation of the tax deduction for net operating losses to 80% of taxable income applies only to taxable years beginning after December 31, 2020 and net operating losses generated in 2018, 2019 and 2020 may be carried back five taxable years. Further, under the CARES Act, the limitation of the tax deduction for net interest expense to 30% of adjusted taxable income is increased to 50% of adjusted taxable income for 2019 and 2020.

It cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated, or issued under existing or new tax laws, which could result in an increase in our or our shareholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof.

The spin-off of Compuware and the spin-off of SIGOS were taxable transactions for us, and we are subject to tax liabilities in connection with such transactions.

Neither the spin-off of Compuware, or the Compuware Spin-Off, nor the spin-off of SIGOS, or the SIGOS Spin-Off, qualified as a tax-free spin-off under Section 355 or other provisions of the Internal Revenue Code, or the Code. Corporate-level U.S. federal, state and local taxes, were paid by us in connection with the Compuware Spin-Off and in connection therewith, Compuware distributed to us \$265.0 million pursuant to a Master Structuring Agreement. These taxes were generally based upon the gain computed as the difference between the fair market value of the Compuware assets distributed and the adjusted tax basis in such assets. The actual amount of our tax liability relating to the Compuware Spin-Off included on the filed tax returns was \$231.8 million. We did not have sufficient losses available to fully offset the gain we realized as a result of the Compuware Spin-Off. We do not believe we incurred any material tax liabilities in connection with the SIGOS Spin-Off because the estimated fair market value of the SIGOS assets was materially similar to the adjusted tax basis in such assets.

If the Internal Revenue Service or other taxing authorities were to successfully challenge in an audit or other tax dispute the amount of taxes owed in connection with the Compuware Spin-Off or the SIGOS Spin-Off, we could be liable for additional taxes, including interest and penalties. We would be responsible for any such additional amounts, and for the costs of responding to such challenge, which would not be reimbursed to us by Compuware. While we have obtained an insurance policy that provides coverage if the Internal Revenue Service or other taxing authorities assert that additional taxes are owed in connection with the Compuware Spin-Off, such policy is subject to certain limitations and exclusions, and we cannot offer any assurances that such policy will fully cover any additional taxes owed by us. We did not obtain a tax insurance policy relating to the SIGOS Spin-Off. Any tax liabilities determined to be owed by us relating to the Compuware Spin-Off or the SIGOS Spin-Off following an audit or other tax dispute may adversely affect our results of operations.

Federal and state fraudulent transfer laws may permit a court to void Compuware's distribution to us to partially satisfy the estimated tax liability incurred by us from the Compuware Spin-Off.

On July 31, 2019, Compuware distributed \$265.0 million to us to partially or wholly satisfy the estimated tax liability incurred by us in connection with the Compuware Spin-Off. Such distribution might be subject to challenge under federal and state fraudulent conveyance laws even if the distribution was completed. Under applicable laws, the distribution could be voided as a fraudulent transfer or conveyance if, among other things, the transferor received less than reasonably equivalent value or fair consideration in return for, and was insolvent or rendered insolvent by reason of, the transfer.

We cannot be certain as to the standards a court would use to determine whether or not Compuware was insolvent at the relevant time. In general, however, a court would look at various facts and circumstances related to the entity in question, including evaluation of whether or not (i) the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair market value of all of its assets; (ii) the present fair market value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or (iii) it could pay its debts as they become due.

If a court were to find that the distribution was a fraudulent transfer or conveyance, the court could void the distribution. In addition, the distribution could also be voided if a court were to find that it is not a legal distribution or dividend under applicable corporate law. The resulting complications, costs and expenses of either finding could materially adversely affect our financial condition and results of operations.

We are subject to a number of risks associated with global sales and operations.

Revenue from customers located outside of the United States represented 49%, 45% and 46% for the years ended March 31, 2021, 2020 and 2019, respectively. As a result, our sales and operations are subject to a number of risks and additional costs, including the following:

- increased expenses associated with international sales and operations, including establishing and maintaining office space and equipment for our international operations;
- fluctuations in exchange rates between currencies in the markets where we do business;
- risks associated with trade restrictions and additional legal requirements, including the exportation of our technology or source code that is required in many of the countries in which we operate;
- greater risk of unexpected changes in regulatory rules, regulations and practices, tariffs and tax laws and treaties;
- compliance with United States and foreign import and export control and economic sanctions laws and regulations, including the Export Administration Regulations administered by the United States Department of Commerce's Bureau of Industry and Security and the executive orders and laws implemented by the United States Department of the Treasury's Office of Foreign Asset Controls;
- compliance with anti-bribery laws, including the United States Foreign Corrupt Practices Act, and the U.K. Anti-Bribery Act;
- compliance with privacy, data protection and data security laws of many countries, including the EU's GDPR, which became effective in May 2018, and the California Consumer Privacy Act, or CCPA, which became effective on January 1, 2020;
- heightened risk of unfair or corrupt business practices in certain geographies, and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- limited or uncertain protection of intellectual property rights in some countries and the risks and costs associated with monitoring and enforcing intellectual property rights abroad;
- greater difficulty in enforcing contracts and managing collections in certain jurisdictions, as well as longer collection periods;
- management communication and integration problems resulting from cultural and geographic dispersion;
- social, economic and political instability, epidemics and pandemics, terrorist attacks and security concerns in general; and
- potentially adverse tax consequences.

These and other factors could harm our ability to generate future global revenue and, consequently, materially impact our business, results of operations and financial condition.

Because we recognize revenue from our SaaS subscriptions and term licenses over the subscription or license term, downturns or upturns in new sales and renewals may not be immediately reflected in our operating results and may be difficult to discern.

For customers who purchase our Dynatrace platform, whether they purchase SaaS or a term license, we generally recognize revenue ratably over the term of their subscription. For customers who purchase a perpetual license, we generally recognize the license revenue ratably over three years. Thus, substantially all of the revenue we report in each quarter from the Dynatrace platform, which constituted over 90% of our total revenue reported for the year ended March 31, 2021, is derived from the recognition of revenue relating to contracts entered into during previous quarters. Consequently, a decline in new or renewed customer contracts in any single quarter may have a small impact on our revenue for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our solutions, and potential changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. In addition, a significant majority of our costs are expensed as incurred, while revenue is recognized over the life of the agreement with our customer. As a result, increased growth in the number of our customers could continue to result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements.

Our revenue recognition policy and other factors may distort our financial results in any given period and make them difficult to predict.

Under accounting standards update No. 2014-09 (Topic 606), Revenue from Contracts with Customers, or ASC 606, we recognize revenue when our customer obtains control of goods or services in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Our subscription revenue consists of (i) SaaS agreements, (ii) term-based licenses for the Dynatrace® platform which are recognized ratably over the contract term, (iii) Dynatrace® perpetual license revenue that is recognized ratably or over the term of the expected optional maintenance renewals, which is generally three years, and (iv) maintenance and support agreements. A significant increase or decline in our subscription contracts in any one quarter may not be fully reflected in the results for that quarter, but will affect our revenue in future quarters.

Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Revenue Recognition” included in Part II, Item 7 of this Annual Report.

Given the foregoing factors, our actual results could differ significantly from our estimates, comparing our revenue and operating results on a period-to-period basis may not be meaningful, and our past results may not be indicative of our future performance.

Changes in existing financial accounting standards or practices, or taxation rules or practices, may harm our operating results.

Changes in existing accounting or taxation rules or practices, new accounting pronouncements or taxation rules, or varying interpretations of current accounting pronouncements or taxation practice could harm our operating results or result in changes to the manner in which we conduct our business. Further, such changes could potentially affect our reporting of transactions completed and reported before such changes are effective.

United States Generally Accepted Accounting Principles, or GAAP, are subject to interpretation by the Financial Accounting Standards Board, or FASB, the Securities and Exchange Commission and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or a change in these interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change. For example, ASC 606 is a newly adopted standard for revenue recognition in which the FASB’s Emerging Issues Task Force has taken up certain topics which may result in further guidance which we would need to consider in our related accounting policies.

Economic conditions and regulatory changes following the United Kingdom’s exit from the EU could have a material adverse effect on our business and results of operations.

The United Kingdom, or U.K., formally left the European Union, or the EU, on January 31, 2020, typically referred to as “Brexit.” Pursuant to the formal withdrawal arrangements agreed between the U.K. and EU, the U.K. was subject to a transition period until December 31, 2020 during which EU rules continued to apply. On December 24, 2020 the EU and the U.K. reached a Trade and Cooperation Agreement, provisionally applicable since January 1, 2021, which sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in EU programs. The uncertainty concerning the U.K.’s legal, political and economic relationship with the EU after the transition period may be a source of instability in international markets, create significant currency fluctuations and otherwise adversely affect trading agreements or similar cross-border cooperation arrangements, whether economic, tax, fiscal, legal, regulatory or otherwise. While the full effects of Brexit will not be known for some time, Brexit could cause disruptions to, and create uncertainty surrounding, our business and results of operations. For example, following the transition period, the U.K. could lose the benefits of global trade agreements negotiated by the EU on behalf of its members, which may result in increased trade barriers that could make our doing business in the

EU and the European Economic Area more difficult. Ongoing global market volatility and a deterioration in economic conditions due to uncertainty surrounding the future relationship between the U.K. and EU could significantly disrupt the markets in which we operate and lead our customers to closely monitor their costs and delay capital spending decisions.

Additionally, Brexit has resulted in the strengthening of the U.S. dollar against foreign currencies in which we conduct business. Although this strengthening has been somewhat ameliorated by the implementation of the transition period, because we translate revenue denominated in foreign currency into U.S. dollars for our financial statements, during periods of a strengthening U.S. dollar, our reported revenue from foreign operations is reduced. As a result of Brexit and the continued negotiations between the U.K. and EU, there may be further periods of volatility in the currencies in which we conduct business.

The effects of Brexit will depend on any agreements the U.K. makes to retain access to EU markets following the transition period. The measures could potentially disrupt the markets we serve and may cause us to lose customers and employees. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which EU laws to replace or replicate, which could present new regulatory costs and challenges.

Any of these effects of Brexit could materially adversely affect our business, results of operations and financial condition.

We may face exposure to foreign currency exchange rate fluctuations.

We have transacted in foreign currencies and expect to transact in foreign currencies in the future. In addition, our international subsidiaries maintain assets and liabilities that are denominated in currencies other than the functional operating currencies of these entities. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar will affect our revenue and operating results due to transactional and translational remeasurement that is reflected in our earnings. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected. We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

Our sales to government entities are subject to a number of challenges and risks.

We sell our solutions to U.S. federal and state and foreign governmental agency customers, often through our resellers, and we may increase sales to government entities in the future. Sales to government entities are subject to a number of challenges and risks. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Contracts and subcontracts with government agency customers are subject to procurement laws and regulations relating to the award, administration, and performance of those contracts. Government demand and payment for our solutions are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our solutions. We may be subject to audit or investigations relating to our sales to government entities, and any violations could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refunds of fees received, forfeiture of profits, suspension of payments, fines, and suspension or debarment from future government business including business with governmental agencies across the country involved. Government entities may have statutory, contractual or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default. Any of these risks relating to our sales to governmental entities could adversely impact our future sales and operating results.

We may acquire other businesses, products or technologies in the future which could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our results of operations.

As part of our business growth strategy and in order to remain competitive, we may acquire, or make investments in, complementary companies, products or technologies. For example, in 2017 we acquired Qumram AG, a provider of session replay technology that captures end users' digital experiences across browsers, interfaces and devices. We may not be able to find suitable acquisition targets in the future, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers, securities analysts and investors. In addition, if we are unsuccessful at integrating such acquisitions or the technologies associated with such acquisitions, our revenue and results of operations could be adversely affected. In addition, while we will make significant efforts to address any information technology security and privacy compliance issues with respect to any acquisitions, we may still inherit such risks when we integrate the acquired products and systems as well as any personal information that we acquire. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquired business, including accounting charges. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisitions, each of which could adversely affect our financial condition or the value of our common stock. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

Our business is subject to a wide range of laws and regulations and our failure to comply with those laws and regulations could harm our business, operating results and financial condition.

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, privacy, cybersecurity and data protection laws, anti-bribery laws, import and export controls, federal securities laws and tax laws and regulations. In certain foreign jurisdictions, these regulatory requirements may be more stringent than those in the United States. These laws and regulations are subject to change over time and we must continue to monitor and dedicate resources to ensure continued compliance. Non-compliance with applicable regulations or requirements could subject us to litigation, investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

We are subject to governmental export, import and sanctions controls that could impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in compliance with applicable laws.

Our solutions are subject to export control and economic sanctions laws and regulations, including the U.S. Export Administration Regulations administered by the U.S. Commerce Department's Bureau of Industry and Security and the economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls. Exports, re-exports and transfers of our software and services must be made in compliance with these laws and regulations. Obtaining the necessary authorizations, including any required license, for a particular sale may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities. Changes in the encryption or other technology incorporated into our solutions or in applicable export or import laws and regulations may delay the introduction and sale of our solutions in international markets, prevent customers from deploying our solutions or, in some cases, prevent the export or import of our solutions to certain countries, regions, governments or persons altogether. Changes in sanctions, export or import laws and regulations, in the enforcement or scope of existing laws and regulations, or in the countries, regions, governments, persons or technologies targeted by such laws and regulations, could also result in decreased use of our solutions or in our ability to sell our solutions in certain countries. Even though we take precautions to prevent our solutions from being provided to restricted countries or persons, our solutions could be provided to those targets by our resellers or customers despite such precautions, and our customers may choose to host their systems including the Dynatrace platform using a hosting vendor that is a restricted person. The decreased use of our solutions or limitation on our ability to export or sell our solutions could adversely affect our business, while violations of these export and import control and economic sanctions laws and regulations could have negative consequences for us and our personnel, including government investigations, administrative fines, civil and criminal penalties, denial of export privileges, incarceration, and reputational harm.

Due to the global nature of our business, we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act or similar anti-bribery laws in other jurisdictions in which we operate.

The global nature of our business creates various domestic and local regulatory challenges. The Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit U.S.-based companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business to non-U.S. officials, or in the case of the U.K. Bribery Act, to any person. In addition, U.S.-based companies are required to maintain records that accurately and fairly represent their transactions and have an adequate system of internal accounting controls. We operate in areas that experience corruption by government officials and, in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Changes in applicable laws could result in increased regulatory requirements and compliance costs that could adversely affect our business, financial condition and operating results. Although we take steps to ensure compliance, we cannot guarantee that our employees, resellers, agents, or other intermediaries will not engage in prohibited conduct that could render us responsible under the FCPA, the U.K. Bribery Act, or other similar laws or regulations in the jurisdictions in which we operate. If we are found to be in violation of these anti-bribery laws (either due to acts or inadvertence of our employees, or due to the acts or inadvertence of others), we could suffer criminal or civil penalties or other sanctions, which could have a material adverse effect on our business.

Our international operations subject us to potentially adverse tax consequences.

As a multinational corporation, we are subject to income taxes as well as non-income-based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. Our domestic and international tax liabilities are subject to the allocation of revenues and expenses in different jurisdictions and the timing of recognizing revenues and expenses. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file and changes to tax laws. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities, and in determining the realizability of tax attributes such as foreign tax credits and other domestic deferred tax assets. From time to time, we are subject to income and non-income tax audits. While we believe we have complied with all applicable income tax laws, there can be no assurance that a governing tax authority will not have a different interpretation of the law and assess us with additional taxes. Should we be assessed with additional taxes, there could be a material adverse effect on our business, operating results, and financial condition.

Our future effective tax rate may be affected by such factors as changes in tax laws, regulations, or rates, changing interpretation of existing laws or regulations, the impact of accounting for share-based compensation, the impact of accounting for business combinations, changes in our international organization, and changes in overall levels of income before tax. In addition, in the ordinary course of our global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Although we believe that our tax estimates are reasonable, we cannot ensure that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals.

Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, value added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

We do not collect sales and use, value added and similar taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable. Sales and use, value added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties, and interest or future requirements may adversely affect our results of operations.

Risks Related to Our Common Stock

The trading price of our common stock has been, and may continue to be, volatile and you could lose all or part of your investment.

Our initial public offering occurred in August 2019, and we effected follow-on public offerings by selling stockholders in December 2019, February 2020, June 2020 and August 2020. There has only been a public market for our common stock for a short period of time. Our share price has been and in the future may be subject to substantial volatility.

Technology stocks have historically experienced high levels of volatility. The trading price of our common stock has fluctuated substantially. Since shares of our common stock were sold in our initial public offering in August 2019 at a price of $16.00 per share, our stock price has fluctuated significantly, ranging from an intraday low of $17.05 to an intraday high of $56.94 through March 31, 2021. Factors that could cause fluctuations in the trading price of our common stock include the following:

- announcements of new products or technologies, commercial relationships, acquisitions or other events by us or our competitors;
- changes in how customers perceive the benefits of our platform;
- shifts in the mix of billings and revenue attributable to perpetual licenses, term licenses and SaaS subscriptions from quarter to quarter;
- departures of our CEO, one or more executive officers, senior management or other key personnel;
- price and volume fluctuations in the overall stock market from time to time;
- fluctuations in the trading volume of our shares or the size of our public float;
- sales of large blocks of our common stock, including by the Thoma Bravo Funds;
- actual or anticipated changes or fluctuations in our operating results;
- whether our operating results meet the expectations of securities analysts or investors;
- changes in actual or future expectations of investors or securities analysts;
- litigation, data breaches or security incidents involving us, our industry or both;
- regulatory developments in the United States, foreign countries or both;
- general economic conditions and trends; and
- major catastrophic events in our domestic and foreign markets.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the trading price of a company's securities, securities class action litigation has often been brought against that company.

If securities analysts were to downgrade our stock, publish negative research or reports or fail to publish reports about our business, our competitive position could suffer, and our stock price and trading volume could decline.

The trading market for our common stock, to some extent, depends on the research and reports that securities analysts may publish about us, our business, our market or our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our stock or publish negative research or reports, cease coverage of our company or fail to regularly publish reports about our business, our competitive position could suffer, and our stock price and trading volume could decline.

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act, and the requirements of the Sarbanes-Oxley Act and the NYSE, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company, we are subject to laws, regulations and requirements with which we were not required to comply as a private company, including compliance with reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act and the NYSE. As a newly public company, complying with these statutes, regulations and requirements occupies a significant amount of time of our board of directors and management and has significantly increased our costs and expenses as compared to when we were a private company. For example, as a newly public company, we have had to institute a more comprehensive compliance function, establish new internal policies, such as those relating to insider trading, and involve and retain to a greater degree outside counsel and accountants.

Furthermore, as of March 31, 2021 we were no longer considered to be an emerging growth company, and we are now required to comply with Section 404 of the Sarbanes-Oxley Act. Compliance with these requirements may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

We previously identified a material weakness in our internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet our periodic reporting obligations.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires that we evaluate and determine the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm is required to audit such internal control.

In connection with the audit of our financial statements as of and for the fiscal year ended March 31, 2020, we and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting. This material weakness is related to accounting for income taxes in connection with the preparation and review of our global tax provision, and particularly in the area of realizability of tax attributes such as foreign tax credits and other domestic deferred tax assets. During the fiscal year ended March 31, 2021, we completed the remediation measures related to the material weakness and concluded that our internal control over financial reporting was effective as of March 31, 2021. Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly. If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales could occur, could reduce the market price of our common stock.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. For example, the Thoma Bravo Funds beneficially own 29.8% of our common stock and under applicable federal securities laws may sell such shares in the public market without our advance knowledge or participation. If Thoma Bravo were to dispose of a substantial portion of our shares in the public market, whether in a single transaction or a series of transactions, it could reduce the trading price of our common stock In addition, any such sales, or the possibility that these sales may occur, could make it more difficult for us to sell shares of our common stock in the public market in the future.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans or otherwise will dilute all other stockholders.

We may issue additional capital stock in the future that will result in dilution to all other stockholders. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in complementary companies, products or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

Thoma Bravo has significant influence over matters requiring stockholder approval, which may have the effect of delaying or preventing changes of control, or limiting the ability of other stockholders to approve transactions they deem to be in their best interest.

Thoma Bravo, as the ultimate general partner of the Thoma Bravo Funds, beneficially owns in the aggregate 29.8% of our issued and outstanding shares of common stock as of March 31, 2021. As a result, Thoma Bravo will continue to be able to exert significant influence over our operations and business strategy as well as matters requiring stockholder approval. These matters may include:

- the composition of our board of directors, which has the authority to direct our business and to appoint and remove our officers;

- approving or rejecting a merger, consolidation or other business combination;
- raising future capital; and
- amending our charter and bylaws, which govern the rights attached to our common stock.

Additionally, for so long as Thoma Bravo beneficially owns at least (i) 20% (but less than 30%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate a number of directors to our board of directors equal to the lowest whole number that is greater than 30% of the total number of directors (but in no event fewer than two directors); (ii) 10% (but less than 20%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate a number of directors to our board of directors equal to the lowest whole number that is greater than 50% of the total number of directors (but in no event fewer than one director); and (iii) at least 5% (but less than 10%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate one director to our board of directors.

This concentration of ownership of our common stock could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of our common stock that might otherwise result in the opportunity for stockholders to realize a premium over the then-prevailing market price of our common stock. This concentration of ownership may also adversely affect our share price.

Thoma Bravo may pursue corporate opportunities independent of us that could present conflicts with our and our stockholders' interests.

Thoma Bravo is in the business of making or advising on investments in companies and holds (and may from time to time in the future acquire) interests in or provides advice to businesses that may directly or indirectly compete with our business or be suppliers or customers of ours. Thoma Bravo may also pursue acquisitions that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

Our charter provides that none of our officers or directors who are also an officer, director, employee, partner, managing director, principal, independent contractor or other affiliate of Thoma Bravo will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual pursues or acquires a corporate opportunity for its own account or the account of an affiliate, as applicable, instead of us, directs a corporate opportunity to any other person, instead of us or does not communicate information regarding a corporate opportunity to us.

We do not intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

Our charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Our charter and bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- directors may only be removed for cause, and subject to the affirmative vote of the holders of 66 2/3% or more of our outstanding shares of capital stock then entitled to vote at a meeting of our stockholders called for that purpose;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;

- allowing only our board of directors to fill vacancies on our board of directors, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by our board of directors, the chairperson of our board of directors, our chief executive officer or our president (in the absence of a chief executive officer), which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our charter relating to the management of our business (including our classified board structure) or certain provisions of our bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt;
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us; and
- a prohibition of cumulative voting in the election of our board of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

Our charter also contains a provision that provides us with protections similar to Section 203 of the Delaware General Corporation Law, and prevents us from engaging in a business combination, such as a merger, with an interested stockholder (i.e., a person or group who acquires at least 15% of our voting stock) for a period of three years from the date such person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. However, our charter also provides that transactions with Thoma Bravo, including the Thoma Bravo Funds, and any persons to whom any Thoma Bravo Fund sells its common stock will be deemed to have been approved by our board of directors.

We may issue preferred stock the terms of which could adversely affect the voting power or value of our common stock.

Our charter authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of our common stock.

Our bylaws designate the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our bylaws, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for state law claims for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of or based on a breach of a fiduciary duty owed by any of our current or former directors, officers, or other employees to us or our stockholders, (3) any action asserting a claim against us or any of our current or former directors, officers, employees, or stockholders arising pursuant to any provision of the Delaware General Corporation Law or our bylaws, or (4) any action asserting a claim governed by the internal affairs doctrine, or, collectively, the Delaware Forum Provision. In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the foregoing provisions; provided, however, that stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. Our bylaws further provide that the U.S. District Court for the

District of Massachusetts will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision, as our principal executive offices are located in Waltham, Massachusetts. The Delaware Forum Provision and the Federal Forum Provision may impose additional litigation costs on stockholders who assert the provision is not enforceable and may impose more general additional litigation costs in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware or the Commonwealth of Massachusetts. Additionally, the Delaware Forum Provision and Federal Forum Provision in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether courts in other states will enforce our Federal Forum Provision, and we may incur additional costs of litigation should such enforceability be challenged. If the Federal Forum Provision is found to be unenforceable in an action, we may incur additional costs associated with resolving such an action. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Waltham, Massachusetts and consists of approximately 50,000 square feet of space under a lease that expires in September 2027. In addition to our headquarters, we lease approximately 47,000 square feet of space in Detroit, Michigan under a lease that expires in January 2025. Our primary research and development facilities are located in Linz, Austria, Gdansk, Poland, and Barcelona, Spain, and consist of approximately 96,000, 49,000, and 24,000 square feet, respectively. We believe that our facilities are adequate to meet our needs for the immediate future and that we will be able to secure additional space to accommodate expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS

We are not currently a party to any litigation or claims that, if determined adversely to us, would have a material adverse effect on our business, operating results, financial condition, or cash flows. We are, from time to time, party to litigation and subject to claims in the ordinary course of business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II - OTHER INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK

Market Information for Common Stock

Our common stock has been listed on the New York Stock Exchange under the symbol "DT" since August 1, 2019. Prior to that date, there was no public trading market for our common stock.

Holders of Record

As of May 25, 2021, there were 165 registered stockholders of record of our common stock. We believe a substantially greater number of beneficial owners hold shares through brokers, banks or other nominees.

Dividend Policy

We have never declared or paid any cash dividend on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not expect to pay any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. In addition, our credit facility places restrictions on the ability of our subsidiaries to pay cash dividends or make distributions to us.

Securities Authorized for Issuance under Equity Compensation Plans

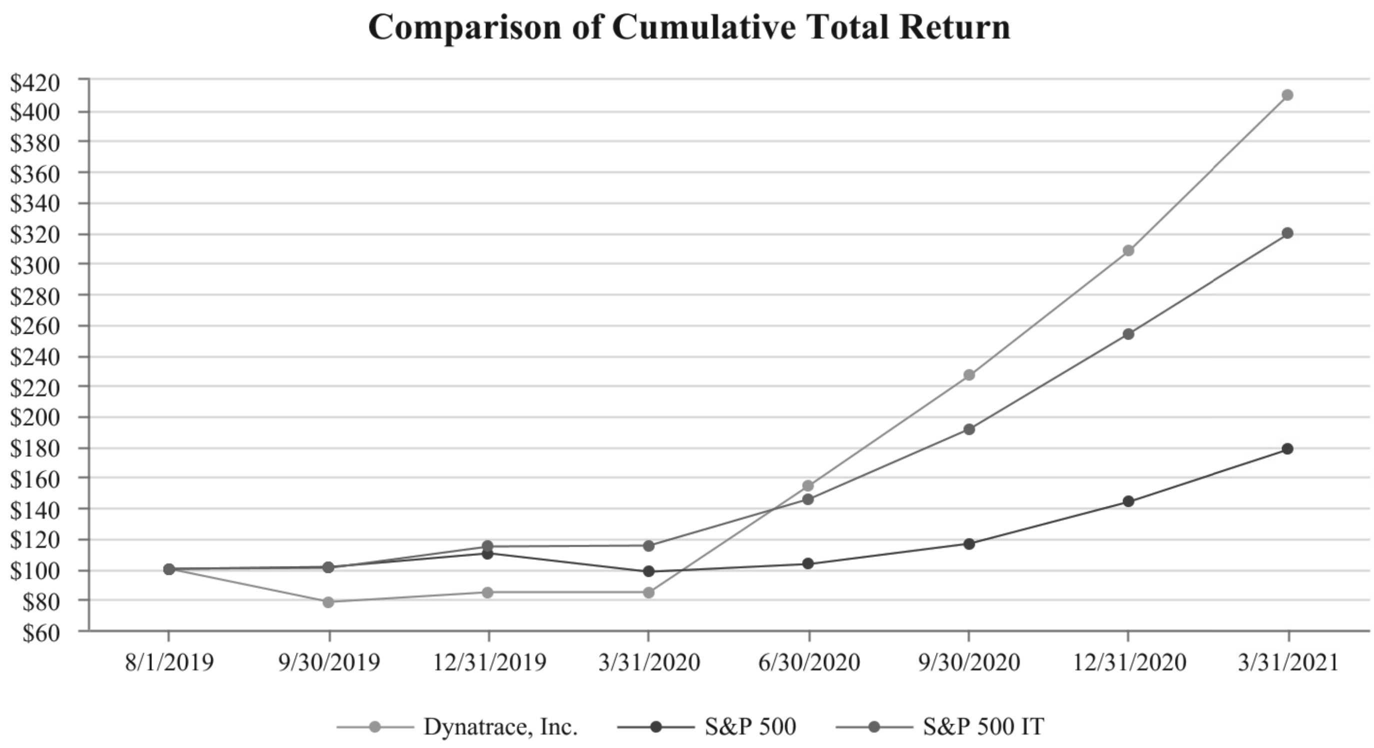
The information concerning our equity compensation plans is incorporated by reference herein to the section of the Proxy Statement entitled “Equity Compensation Plan Information.”

Performance Graph

The following shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

The performance graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the S&P 500 Index and the S&P 500 Information Technology Index. The graph assumes $100 was invested at the market close on August 1, 2019, which was our initial trading date, in our common stock. Data for the S&P 500 Index and the S&P 500 Information Technology Index assume reinvestment of dividends. Our offering price of our common stock in our initial public offering, which had a closing stock price of $23.85 on August 1, 2019, was $16.00 per share.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



	Base Period 8/1/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021
Dynatrace, Inc.	$ 100.00	$ 78.28	$ 84.36	$ 84.32	$ 154.55	$ 226.54	$ 307.97	$ 410.23
S&P 500	$ 100.00	$ 100.78	$ 110.17	$ 97.68	$ 102.65	$ 116.51	$ 143.68	$ 178.19
S&P 500 Information Technology	$ 100.00	$ 100.25	$ 114.54	$ 114.86	$ 145.38	$ 191.12	$ 253.65	$ 319.00

Unregistered Sales of Equity Securities

None.

Use of Proceeds

On July 31, 2019, our Registration Statement on Form S-1 (File No. 333-232558) was declared effective by the SEC for our initial public offering. There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus dated July 31, 2019 and filed with the SEC on August 1, 2019 pursuant to Rule 424(b) of the Securities Act.

Issuer Purchases of Equity Securities

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that could impact our business. In particular, we encourage you to review the risks and uncertainties described in the section titled "Risk Factors" under Part I, Item 1A. in this Annual Report on Form 10-K. These risks *and uncertainties could cause actual results to differ materially from those projected in forward-looking statements contained in this report or implied by past results and trends. Our fiscal year ends on March 31. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.*

Overview

We offer the market-leading software intelligence platform, purpose-built for dynamic multicloud environments. As enterprises embrace the cloud to effect their digital transformation, our all-in-one intelligence platform is designed to address the growing complexity faced by technology and digital business teams. With automatic and intelligent observability, our all-in-one platform delivers precise answers about the performance and security of applications, the underlying infrastructure and the experience of all users to enable organizations to innovate faster, simplify cloud complexity, collaborate more efficiently, and secure cloud-native applications. We designed our software intelligence platform to allow our customers to modernize and automate IT operations, develop and release high quality software faster, and improve user experiences for consistently better business outcomes. As a result, as of March 31, 2021, our products are trusted by approximately 2,900 Dynatrace customers in 90 countries in diverse industries such as banking, insurance, retail, manufacturing, travel and software.

Since we began operations, we have been a leader within the application performance monitoring and observability spaces. In 2014, we leveraged the knowledge and experience of the same engineering team that founded Dynatrace to develop a new platform, the Dynatrace Software Intelligence Platform, from the ground up with automation and intelligence at its core to address the complexity of modern, dynamic multiclouds and the applications that run on them.

We market Dynatrace® through a combination of our global direct sales team and a network of partners, including resellers, system integrators, and managed service providers. We target the largest 15,000 global enterprise accounts, which generally have annual revenues in excess of $1 billion.

We generate revenue primarily by selling subscriptions, which we define as (i) Software-as-a-service ("SaaS") agreements, (ii) Dynatrace® term-based licenses, for which revenue is recognized ratably over the contract term, (iii) Dynatrace® perpetual licenses, which are recognized ratably over the term of the expected optional maintenance renewals, which is generally three years, and (iv) maintenance and support agreements.

We deploy our platform as a SaaS solution, with the option of retaining the data in the cloud, or at the edge in customer-provisioned infrastructure, which we refer to as Dynatrace® Managed. The Dynatrace® Managed offering allows customers to maintain control of the environment where their data resides, whether in the cloud or on-premises, combining the simplicity of SaaS with the ability to adhere to their own data security and sovereignty requirements. Our Mission Control functionality automatically upgrades all Dynatrace® instances and offers on-premise cluster customers auto-deployment options that suit their specific enterprise management processes.

Dynatrace® is an all-in-one platform, which is typically purchased by our customers with the full-stack Application Performance Module and extended with our Infrastructure Monitoring, Digital Experience Monitoring, Digital Business Analytics, Application Security, or Cloud Automation Modules. Customers also have the option to purchase the infrastructure monitoring module where the full-stack APM is not required, with the ability to upgrade to the full-stack APM when necessary. Our Dynatrace® platform has been commercially available since 2016 and is the primary offering we sell. Dynatrace® customers increased to 2,936 as of March 31, 2021 from 2,373 as of March 31, 2020.

Our Classic products include AppMon, Classic Real User Monitoring, or RUM, Network Application Monitoring, or NAM, and Synthetic Classic. As of April 2018, these products are only available to customers who had previously purchased them and were sunset as of April 1, 2021.

Coronavirus (COVID-19) Impact

The extent to which the COVID-19 pandemic may impact our business going forward will depend on numerous evolving factors that we cannot reliably predict. These factors may adversely impact business spending on technology as well as customers' ability to pay for our products and services on an ongoing basis.

While the broader implications of the COVID-19 pandemic on our results of operations and overall financial performance remain uncertain, the COVID-19 pandemic and its adverse effects have become more prevalent in the locations where we, our customers and partners conduct business. We may experience curtailed customer demand that could adversely impact our business, results of operations and overall financial performance in future periods. Specifically, we may be impacted by changes in our customers' ability or willingness to purchase our offerings; changes in the timing of our current or prospective customers' purchasing decisions; pricing discounts or extended payment terms; reductions in the amount or duration of customers' subscription contracts; or increased customer attrition rates. While our revenue, customer retention, and earnings are relatively predictable as a result of our subscription-based business model, the effect, if any, of the COVID-19 pandemic would not be fully reflected in our results of operations and overall financial performance until future periods.

While the implications of the COVID-19 pandemic remain uncertain, we plan to continue to make investments to support business growth. We believe that the growth of our business is dependent on many factors, including our ability to expand our customer base, develop new products and applications to extend the functionality of our products, and provide a high level of customer service. We expect to continue to invest in sales and marketing to support customer growth. We also expect to continue to invest in research and development as we continue to introduce new products and applications to extend the functionality of our products. We also intend to maintain a high level of customer service and support which we consider critical for our continued success. We also expect to continue to incur general and administrative expenses to support our business and to maintain the infrastructure required to be a public company. We intend to use our cash flow from operations to fund these growth strategies and support our business despite the potential impact from the COVID-19 pandemic. See the section titled "Risk Factors" included under Part I, Item 1A for further discussion of the possible impact of the COVID-19 pandemic on our business.

Key Factors Affecting Our Performance

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by our ability to:

- ***Extend our technology and market leadership position.*** We intend to maintain our position as the market-leading software intelligence platform through increased investment in research and development and continued innovation. We expect to focus on expanding the functionality of Dynatrace® and investing in capabilities that address new market opportunities. We believe this strategy will enable new growth opportunities and allow us to continue to deliver differentiated high-value outcomes to our customers.
- ***Grow our customer base.*** We intend to drive new customer growth by expanding our direct sales force focused on the largest 15,000 global enterprise accounts, which generally have annual revenues in excess of $1 billion. We added 584 new customers during the year ended March 31, 2021. In addition, we expect to leverage our global partner ecosystem to add new customers in geographies where we have direct coverage and work jointly with our partners. In other geographies, such as Africa, Japan, the Middle East, Russia and South Korea, we utilize a multi-tier "master reseller" model.
- ***Increase penetration within existing customers.*** We plan to continue to increase penetration within our existing customers by expanding the breadth of our platform capabilities to provide for continued cross-selling opportunities. In addition, we believe the ease of implementation for Dynatrace® provides us the opportunity to expand adoption within our existing enterprise customers, across new customer applications, and into additional business units or divisions. Our Dynatrace® net expansion rate has been above 120% for the last twelve quarters.
- ***Enhance our strategic partner ecosystem.*** Our strategic partners include industry-leading system integrators, software vendors, and cloud and technology providers. We intend to continue to invest in our partner ecosystem, with a particular emphasis on expanding our strategic alliances and cloud-focused partnerships, such as AWS, Azure, Google Cloud Platform, Red Hat OpenShift, and VMware Tanzu.

Key Metrics

In addition to our U.S. GAAP financial information, we monitor the following key metrics to help us measure and evaluate the effectiveness of our operations:

	As of							
	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Number of Dynatrace® Customers	2,936	2,794	2,594	2,458	2,373	2,208	1,828	1,578
Total ARR (in thousands)	$ 774,090	$ 721,995	$ 638,063	$ 601,376	$ 572,759	$ 534,491	$ 470,905	$ 437,622
Dynatrace® Net Expansion Rate	120%+	120%+	120%+	120%+	120%+	120%+	120%+	120%+

Dynatrace® Customers: We define the number of Dynatrace® customers at the end of any reporting period as the number of accounts, as identified by a unique account identifier, that generate at least $10,000 of Dynatrace® ARR as of the reporting date. In infrequent cases, a single large organization may comprise multiple customer accounts when there are distinct divisions, departments or subsidiaries that operate and make purchasing decisions independently from the parent organization. In cases where multiple customer accounts exist under a single organization, each customer account is counted separately based on a mutually exclusive accounting of ARR. As such, even though we target the largest 15,000 global enterprise accounts, there are more than 15,000 addressable Dynatrace® customers. We believe that our ability to grow the number of Dynatrace® customers is an indicator of our ability to drive market adoption of our platform, as well as our ability to grow the business and generate future subscription revenues.

Annual Recurring Revenue ("ARR"): We define annual recurring revenue, or ARR, as the daily revenue of all subscription agreements that are actively generating revenue as of the last day of the reporting period multiplied by 365. We exclude from our calculation of ARR any revenues derived from month-to-month agreements and/or product usage overage billings, where customers are billed in arrears based on product usage. Total ARR was $774 million as of March 31, 2021. Over the past year, Total ARR has grown by $201 million, or 35%. This growth was the result of a $62 million increase in ARR from new customer additions, a $128 million increase in ARR from the expansion of existing customers on the Dynatrace® platform, and an $11 million increase in ARR as a result of expansion at the time of conversion from our Classic customers, net of churn.

Dynatrace® Net Expansion Rate: We define the Dynatrace® net expansion rate as the Dynatrace® ARR at the end of a reporting period for the cohort of Dynatrace® accounts as of one year prior to the date of calculation, divided by the Dynatrace® ARR one year prior to the date of calculation for that same cohort. Dynatrace® net expansion rate has been above 120% for 12 consecutive quarters.

Key Components of Results of Operations

Revenue

Revenue includes subscriptions, licenses and services.

Subscription. Our subscription revenue consists of (i) SaaS agreements, (ii) Dynatrace® term-based licenses which are recognized ratably over the contract term, (iii) Dynatrace® perpetual licenses that are recognized ratably over the term of the expected optional maintenance renewals, which is generally three years, and (iv) maintenance and support agreements. We typically invoice SaaS subscription fees and term licenses annually in advance and recognize subscription revenue ratably over the term of the applicable agreement, provided that all other revenue recognition criteria have been satisfied. Fees for our Dynatrace® perpetual licenses are generally billed up front. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates—Revenue Recognition" included in Part II, Item 7 of this Annual Report for more information. Over time, we expect subscription revenue will increase as a percentage of total revenue as we continue to focus on increasing subscription revenue as a key strategic priority.

License. License revenue reflects the revenues recognized from sales of perpetual and term-based licenses of our Classic products that are sold only to existing customers. The license fee portion of Classic perpetual license arrangements is recognized upfront assuming all revenue recognition criteria are satisfied. Classic term license fees are also recognized up front. Classic term licenses are generally billed annually in advance and perpetual licenses are billed up front.

Service. Service revenue consists of revenue from helping our customers deploy our software in highly complex operational environments and train their personnel. We recognize the revenues associated with these professional services on a time and materials basis as we deliver the services or provide the training. We generally recognize the revenues associated with our services in the period the services are performed, provided that collection of the related receivable is reasonably assured.

Cost of Revenue

Cost of subscription. Cost of subscription revenue includes all direct costs to deliver and support our subscription products, including salaries, benefits, share-based compensation and related expenses such as employer taxes, allocated overhead for facilities, IT, third-party hosting fees related to our cloud services, and amortization of internally developed capitalized software technology. We recognize these expenses as they are incurred.

Cost of service. Cost of service revenue includes salaries, benefits, share-based compensation and related expenses such as employer taxes for our services organization, allocated overhead for depreciation of equipment, facilities and IT. We recognize these expenses as they are incurred.

Amortization of acquired technology. Amortization of acquired technology includes amortization expense for technology acquired in business combinations and the Thoma Bravo Funds' acquisition of us in 2014.

Gross Profit and Gross Margin

Gross profit is revenue less cost of revenue, and gross margin is gross profit as a percentage of revenue. Gross profit has been and will continue to be affected by various factors, including the mix of our license, subscription, and services and other revenue, the costs associated with third-party cloud-based hosting services for our cloud-based subscriptions, and the extent to which we expand our customer support and services organizations. We expect that our gross margin will fluctuate from period to period depending on the interplay of these various factors.

Operating Expenses

Personnel costs, which consist of salaries, benefits, bonuses, share-based compensation and, with regard to sales and marketing expenses, sales commissions, are the most significant component of our operating expenses. We also incur other non-personnel costs such as an allocation of our general overhead expenses.

Research and development. Research and development expenses primarily consists of the cost of programming personnel. We focus our research and development efforts on developing new solutions, core technologies, and to further enhance the functionality, reliability, performance and flexibility of existing solutions. We believe that our software development teams and our core technologies represent a significant competitive advantage for us and we expect that our research and development expenses will continue to increase, as we invest in research and development headcount to further strengthen and enhance our solutions.

Sales and marketing. Sales and marketing expenses primarily consists of personnel and facility-related costs for our sales, marketing, and business development personnel, commissions earned by our sales personnel and the cost of marketing and business development programs. We expect that sales and marketing expenses will continue to increase as we continue to hire additional sales and marketing personnel and invest in marketing programs.

General and administrative. General and administrative expenses primarily consist of the personnel and facility-related costs for our executive, finance, legal, human resources and administrative personnel; and other corporate expenses, including those associated with our ongoing public reporting obligations. We anticipate continuing to incur additional expenses due to growing our operations and being a public company, including higher legal, corporate insurance and accounting expenses.

Amortization of other intangibles. Amortization of other intangibles primarily consists of amortization of customer relationships and capitalized software and tradenames.

Restructuring and Other. Restructuring and other expenses primarily consists of various restructuring activities we have undertaken to achieve strategic and financial objectives. Restructuring activities include, but are not limited to, product offering cancellation and termination of related employees, office relocation, administrative cost of structure realignment and consolidation of resources.

Other Expense, Net

Other expense, net consists primarily of interest expense and foreign currency realized and unrealized gains and losses related to the impact of transactions denominated in a foreign currency, including balances between subsidiaries. Interest expense, net of interest income, consists primarily of interest on our term loan facility, amortization of debt issuance costs, loss on debt extinguishment and prepayment penalties.

Income Tax (Expense) Benefit

Our income tax (expense) benefit, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

Our income tax rate varies from the U.S. federal statutory rate mainly due to (1) the impact of tax return to provision true-ups resulting from changes in estimates to the reorganization transaction tax and the corresponding impact to the uncertain tax positions, (2) differing tax rates and regulations in foreign jurisdictions, (3) differences in accounting and tax treatment of our share-based compensation, and (4) foreign withholding taxes. We expect this fluctuation in income tax rates, as well as its potential impact on our results of operations, to continue.

Immaterial Revision of Previously Issued Consolidated Financial Statements

During the fourth quarter of fiscal 2021, we identified an immaterial error in the calculation of our income tax provision for the year ended March 31, 2020. Accordingly, the results for the year ended March 31, 2020 have been adjusted to incorporate the revised amounts, where applicable, as further described in Note 7 of the notes to the consolidated financial statements in this Annual Report.

Results of Operations

The following tables set forth our results of operations for the periods presented:

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	Amount	Percent	Amount	Percent	Amount	Percent
	(in thousands, except percentages)					
Revenue:						
Subscription	$ 655,180	93 %	$ 487,817	89 %	$ 349,830	81 %
License	1,446	— %	12,686	3 %	40,354	9 %
Service	46,883	7 %	45,300	8 %	40,782	10 %
Total revenue	703,509	100 %	545,803	100 %	430,966	100 %
Cost of revenue:						
Cost of subscription	77,488	11 %	73,193	13 %	56,934	13 %
Cost of service	34,903	5 %	39,289	7 %	31,529	7 %
Amortization of acquired technology	15,317	2 %	16,449	4 %	18,338	5 %
Total cost of revenue (1)	127,708	18 %	128,931	24 %	106,801	25 %
Gross profit	575,801	82 %	416,872	76 %	324,165	75 %
Operating expenses:						
Research and development (1)	111,415	16 %	119,281	22 %	76,759	18 %
Sales and marketing (1)	245,487	35 %	266,175	49 %	178,886	42 %
General and administrative (1)	92,219	13 %	161,983	30 %	91,778	21 %
Amortization of other intangibles	34,744	5 %	40,280	7 %	47,686	11 %
Restructuring and other	40		1,092		1,763	
Total operating expenses	483,905		588,811		396,872	
Income (loss) from operations	91,896		(171,939)		(72,707)	
Other expense, net	(14,043)		(46,594)		(67,204)	
Income (loss) before income taxes	77,853		(218,533)		(139,911)	
Income tax (expense) benefit	(2,139)		(195,284)		23,717	
Net income (loss)	$ 75,714		$ (413,817)		$ (116,194)	

(1) Includes share-based compensation expense as follows:

	Fiscal Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Cost of revenue	$ 7,307	$ 18,685	$ 5,777
Research and development	11,684	38,670	12,566
Sales and marketing	24,153	84,698	24,673
General and administrative	14,640	80,425	28,135
Total share-based compensation expense	$ 57,784	$ 222,478	$ 71,151

Fiscal Years Ended March 31, 2021 and 2020

Revenue

	Fiscal Year Ended March 31,		Change	
	2021	2020	Amount	Percent
	(in thousands, except percentages)			
Subscription	$ 655,180	$ 487,817	$ 167,363	34 %
License	1,446	12,686	(11,240)	(89 %)
Service	46,883	45,300	1,583	3 %
Total revenue	$ 703,509	$ 545,803	$ 157,706	29 %

Subscription

Subscription revenue increased by $167.4 million, or 34%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020, primarily due to the growing adoption of the Dynatrace® platform by new customers combined with existing customers expanding their use of our solutions. Our subscription revenue increased to 93% of total revenue for the year ended March 31, 2021 compared to 89% of total revenue for the year ended March 31, 2020.

License

License revenue decreased by $11.2 million, or 89%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020, primarily due to the decline of sales of our Classic products to existing customers as they convert to our Dynatrace® platform. We are no longer selling our Classic products.

Service

Service revenue increased by $1.6 million, or 3%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020. We generally recognize the revenues associated with professional services as we deliver the services.

Cost of Revenue

	Fiscal Year Ended March 31,		Change	
	2021	2020	Amount	Percent
	(in thousands, except percentages)			
Cost of subscription	$ 77,488	$ 73,193	$ 4,295	6 %
Cost of service	34,903	39,289	(4,386)	(11 %)
Amortization of acquired technology	15,317	16,449	(1,132)	(7 %)
Total cost of revenue	$ 127,708	$ 128,931	$ (1,223)	(1 %)

Cost of subscription

Cost of subscription revenue increased by $4.3 million, or 6%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020. The increase is primarily due to higher personnel costs to support the growth of our subscription cloud-based offering of $9.7 million and cloud-based hosting costs and software subscriptions of $7.4 million. Partially offsetting this increase was lower share-based compensation of $8.3 million as well as decreases in costs for data centers closed during fiscal 2021.

Cost of service

Cost of service and other revenue decreased by $4.4 million, or 11%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020. The decrease was the result of lower share-based compensation of $3.1 million and decreased travel costs of $2.1 million. Partially offsetting this decrease was increased personnel costs.

Amortization of acquired technologies

For the years ended March 31, 2021 and 2020, amortization of acquired technologies is primarily related to amortization expense for technology acquired in connection with Thoma Bravo's acquisition of us in 2014.

Gross Profit and Gross Margin

	Fiscal Year Ended March 31,		Change	
	2021	2020	Amount	Percent
	(in thousands, except percentages)			
Gross profit:				
Subscription	$ 577,692	$ 414,624	$ 163,068	39 %
License	1,446	12,686	(11,240)	(89 %)
Service	11,980	6,011	5,969	99 %
Amortization of acquired technology	(15,317)	(16,449)	1,132	(7 %)
Total gross profit	$ 575,801	$ 416,872	$ 158,929	38 %
Gross margin:				
Subscription	88 %	85 %		
License	100 %	100 %		
Service	26 %	13 %		
Amortization of acquired technology	(100 %)	(100 %)		
Total gross margin	82 %	76 %		

Subscription

Subscription gross profit increased by $163.1 million, or 39%, during the year ended March 31, 2021 compared to the year ended March 31, 2020. Subscription gross margin increased from 85% to 88% during the year ended March 31, 2021 compared to the year ended March 31, 2020. The increase was primarily due to the growth of the Dynatrace® platform and lower share-based compensation.

License

License gross profit decreased by $11.2 million, or 89%, during the year ended March 31, 2021 compared to the year ended March 31, 2020. The decrease was the result of a decline in sales of perpetual and term licenses for our Classic products.

Service

Service gross profit increased by $6.0 million, or 99%, during the year ended March 31, 2021 compared to the year ended March 31, 2020. Service gross margin increased from 13% to 26% during the year ended March 31, 2021 compared to the year ended March 31, 2020. Lower share-based compensation and travel costs increased gross profit by $3.1 million and $2.1 million, respectively, compared to last fiscal year.

Operating Expenses

	Fiscal Year Ended March 31,		Change	
	2021	2020	Amount	Percent
	(in thousands, except percentages)			
Operating expenses:				
Research and development	$ 111,415	$ 119,281	$ (7,866)	(7 %)
Sales and marketing	245,487	266,175	(20,688)	(8 %)
General and administrative	92,219	161,983	(69,764)	(43 %)
Amortization of other intangibles	34,744	40,280	(5,536)	(14 %)
Restructuring and other	40	1,092	(1,052)	(96 %)
Total operating expenses	$ 483,905	$ 588,811	$ (104,906)	(18 %)

Research and development

Research and development expenses decreased by $7.9 million, or 7%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020. The decrease is primarily attributable to lower share-based compensation of $27.0 million, partially offset by a 24% increase in headcount and related allocated overhead, resulting in increased personnel and other costs to expand our product offerings of $15.3 million, and increased cloud-based hosting costs of $2.6 million.

Sales and marketing

Sales and marketing expenses decreased by $20.7 million, or 8%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020. This decrease was primarily due to lower share-based compensation of $60.5 million and lower travel expenses of $11.1 million, partially offset by a 25% increase in headcount, resulting in an increase of $31.2 million in personnel costs, and increased advertising and marketing costs of $15.3 million.

General and administrative

General and administrative expenses decreased by $69.8 million, or 43%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020, primarily due to a decrease in share-based compensation of $65.8 million and lower transaction costs of $18.3 million primarily related to the initial public offering completed in fiscal 2020. Partially offsetting this decrease was a 24% increase in headcount, resulting in an increase of $7.4 million in personnel costs, and increased professional fees of $3.5 million. Sponsor related costs were zero and $1.6 million for the year ended March 31, 2020. Sponsor costs were reduced to zero as we stopped incurring these costs upon completion of our initial public offering.

Amortization of other intangibles

Amortization of other intangibles decreased by $5.5 million, or 14%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020. The decrease is primarily the result of lower amortization for certain intangible assets that are amortized on a systematic basis that reflects the pattern in which the economic benefits of the intangible assets are estimated to be realized and the completion of amortization on certain intangibles.

Restructuring and other

Restructuring expenses decreased by $1.1 million, or 96%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020, due to costs incurred in the prior fiscal year for various restructuring activities to achieve our strategic and financial objectives including costs related to a restructuring program designed to align employee resources with our product offering and future plans.

Other Expense, Net

Other expense, net decreased by $32.6 million, or 70%, for the year ended March 31, 2021, as compared to the year ended March 31, 2020. The decrease in other expense was primarily a result of lower interest expense on our term loans as we had less principal outstanding compared to last fiscal year.

Income Tax Expense

Income tax expense decreased by $193.1 million resulting in an expense of $2.1 million for the year ended March 31, 2021, as compared to an expense of $195.3 million for the year ended March 31, 2020. This decrease was primarily due to the tax expense resulting from our reorganization transaction, net of attributes utilized, and related uncertain tax positions during fiscal 2020.

Fiscal Years Ended March 31, 2020 and 2019

Revenue

	Fiscal Year Ended March 31,		Change	
	2020	2019	Amount	Percent
	(in thousands, except percentages)			
Subscription	$ 487,817	$ 349,830	$ 137,987	39 %
License	12,686	40,354	(27,668)	(69 %)
Service	45,300	40,782	4,518	11 %
Total revenue	$ 545,803	$ 430,966	$ 114,837	27 %

Subscription

Subscription revenue increased by $138.0 million, or 39%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019, primarily due to the growing adoption of the Dynatrace® platform by new customers combined with existing customers expanding their use of our solutions. Our subscription revenue increased to 89% of total revenue for the year ended March 31, 2020 compared to 81% of total revenue for the year ended March 31, 2019.

License

License revenue decreased by $27.7 million, or 69%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019, primarily due to decline of sales of our Classic products to existing customers as they convert to our Dynatrace® platform. We are no longer selling our Classic products to new customers.

Service

Service revenue increased by $4.5 million, or 11%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019. We recognize the revenues associated with professional services as we deliver the services.

Cost of Revenue

	Fiscal Year Ended March 31,		Change	
	2020	2019	Amount	Percent
	(in thousands, except percentages)			
Cost of subscription	$ 73,193	$ 56,934	$ 16,259	29 %
Cost of service	39,289	31,529	7,760	25 %
Amortization of acquired technology	16,449	18,338	(1,889)	(10 %)
Total cost of revenue	$ 128,931	$ 106,801	$ 22,130	21 %

Cost of subscription

Cost of subscription revenue increased by $16.3 million, or 29%, for the year ended March 31, 2020 compared to the year ended March 31, 2019. The increase is primarily due to higher share-based compensation of $9.0 million as well as higher personnel costs to support the growth of our subscription cloud-based offering.

Cost of service

Cost of service revenue increased by $7.8 million, or 25%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019. The increase was the result of higher share-based compensation of $3.9 million as well as increased personnel costs to support the increase in use of our consulting and training services to support our new customers.

Amortization of acquired technologies

For the years ended March 31, 2020 and 2019, amortization of acquired technologies includes $16.2 million and $17.7 million, respectively, of amortization expense for technology acquired in connection with the Thoma Bravo Funds' acquisition of us in 2014, with the remaining balance related primarily to the Qumram acquisition in November 2017.

Gross Profit and Gross Margin

	Fiscal Year Ended March 31,		Change	
	2020	2019	Amount	Percent
	(in thousands, except percentages)			
Gross profit:				
Subscription	$ 414,624	$ 292,896	$ 121,728	42 %
License	12,686	40,354	(27,668)	(69 %)
Service	6,011	9,253	(3,242)	(35 %)
Amortization of acquired technology	(16,449)	(18,338)	1,889	(10 %)
Total gross profit	$ 416,872	$ 324,165	$ 92,707	29 %
Gross margin:				
Subscription	85 %	84 %		
License	100 %	100 %		
Service	13 %	23 %		
Amortization of acquired technology	(100)%	(100 %)		
Total gross margin	76 %	75 %		

Subscription

Subscription gross profit increased by $121.7 million, or 42%, during the year ended March 31, 2020 compared to the year ended March 31, 2019. Subscription gross margin increased from 84% to 85%, during the year ended March 31, 2020 compared to the year ended March 31, 2019.

License

License gross profit decreased by $27.7 million, or 69%, during the year ended March 31, 2020 compared to the year ended March 31, 2019. The decrease was the result of a decline in sales of perpetual and term licenses for our Classic products.

Service

Service gross profit decreased by $3.2 million, or 35%, during the year ended March 31, 2020 compared to the year ended March 31, 2019. Service gross margin decreased from 23% to 13%, during the year ended March 31, 2020 compared to the year ended March 31, 2019. Higher share-based compensation costs decreased gross profit by $3.9 million compared to the last fiscal year.

Operating Expenses

	Fiscal Year Ended March 31,		Change	
	2020	2019	Amount	Percent
	(in thousands, except percentages)			
Operating expenses:				
Research and development	$ 119,281	$ 76,759	$ 42,522	55 %
Sales and marketing	266,175	178,886	87,289	49 %
General and administrative	161,983	91,778	70,205	76 %
Amortization of other intangibles	40,280	47,686	(7,406)	(16 %)
Restructuring and other	1,092	1,763	(671)	(38 %)
Total operating expenses	$ 588,811	$ 396,872	$ 191,939	48 %

Research and development

Research and development expenses increased $42.5 million, or 55%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019. The increase is primarily attributable to higher share-based compensation of $26.1 million and a 20% increase in headcount and related allocated overhead, as well as other costs to expand our product offerings of $8.1 million. Higher software and maintenance expenses, primarily cloud-based hosting costs related to the development of our cloud-based offering of $3.8 million also contributed to the increase.

Sales and marketing

Sales and marketing expenses increased $87.3 million, or 49%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019, primarily due to higher share-based compensation of $60.0 million. Further contributing to the increase was a 14% increase in headcount, resulting in an increase of $23.1 million in personnel costs.

General and administrative

General and administrative expenses increased $70.2 million, or 76%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019, primarily due to an increase in share-based compensation of $52.3 million and higher transaction costs of $12.8 million related to the initial public offering completed in fiscal 2020. Further contributing to the increase was an increase in personnel costs and insurance costs. Sponsor related costs were $1.6 million and $4.9 million for the years ended March 31, 2020 and 2019, respectively. Sponsor costs declined in 2020 because we stopped incurring these costs upon completion of our initial public offering.

Amortization of other intangibles

Amortization of other intangibles decreased by $7.4 million, or 16%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019. The decrease is primarily the result of lower amortization for certain intangible assets that are amortized on a systematic basis that reflects the pattern in which the economic benefits of the intangible assets are estimated to be realized and the completion of amortization on certain intangibles.

Restructuring and other

Restructuring expenses decreased by $0.7 million, or 38%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019, due to lower costs incurred for various restructuring activities to achieve our strategic and financial objectives including costs related to a restructuring program designed to align employee resources with our product offering and future plans.

Other Expense, Net

Other expense, net decreased by $20.6 million, or 31%, for the year ended March 31, 2020, as compared to the year ended March 31, 2019. The decrease in other expense was primarily a result of lower interest expense on our related party promissory notes as described further in Note 17 with the consolidated financial statements included herein.

Income Tax (Expense) Benefit

Income tax expense increased by $219.0 million resulting in an expense of $195.3 million for the year ended March 31, 2020, as compared to an income tax benefit of $23.7 million for the year ended March 31, 2019. This change was primarily due to an increase in income tax expense as a result of our reorganization transactions during fiscal 2020.

Liquidity and Capital Resources

As of March 31, 2021, we had $325.0 million of cash and cash equivalents and $44.4 million available under our revolving credit facility.

Since inception we have financed our operations primarily through payments by our customers for use of our product offerings and related services and, to a lesser extent, the net proceeds we have received from sales of equity securities and borrowings on our term loan facilities. In August 2019, we completed our IPO in which we issued and sold an aggregate of 38.9 million shares of common stock at a price of $16.00 per share. We received aggregate net proceeds of $585.3 million from the IPO, after underwriting discounts and commissions and payments of offering costs.

Over the past three years, cash flows from customer collections have increased. However, operating expenses have also increased as we have invested in growing our business. Our operating cash requirements may increase in the future as we continue to invest in the strategic growth of our company.

Our historical expansion with customers has typically been achieved by executing additional contracts, each with unique pricing and anniversary dates. We are transitioning to a program that combines these contracts into one single, often multi-year contract per customer with one single anniversary date, which may result in variability in the timing and amounts of our billings which could impact the timing of our cash collections from period to period.

Cash from operations could be affected by various risks and uncertainties, including, but not limited to, the risks detailed in the section titled "Risk Factors" included under Part I, Item 1A. However, we believe that our existing cash, cash equivalents, short-term investment balances, funds available under our debt agreement, and cash generated from operations, will be sufficient to meet our working capital and capital expenditure requirements for at least the next twelve months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support research and development efforts, the continued expansion of sales and marketing activities, the introduction of new and enhanced products, seasonality of our billing activities, timing and extent of spending to support our growth strategy, and the continued market acceptance of our products. In the event that additional financing is required from outside sources, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results, and financial condition would be adversely affected.

Our Credit Facilities

As of March 31, 2021, the balance outstanding under our first lien term loan was $401.1 million and is included in long-term debt on our consolidated balance sheets. We had $44.4 million available under the revolving credit facility after considering $15.6 million of letters of credit outstanding.

All of our obligations under our term loans are guaranteed by our existing and future domestic subsidiaries and, subject to certain exceptions, secured by a security interest in substantially all of our tangible and intangible assets. At March 31, 2021, we were in compliance with all applicable covenants pertaining to the First Lien Credit Agreement. Our credit facilities are discussed further in Note 9 of the notes to the consolidated financial statements in this Annual Report.

Summary of Cash Flows

	Fiscal Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Net cash provided by (used in) operating activities[1]	$ 220,436	$ (142,455)	$ 147,141
Net cash used in investing activities	(13,879)	(20,613)	(9,250)
Net cash (used in) provided by financing activities	(97,802)	329,392	(161,482)
Effect of exchange rate changes on cash and cash equivalents	3,037	(4,468)	(2,676)
Net increase (decrease) in cash and cash equivalents	$ 111,792	$ 161,856	$ (26,267)

(1) Net cash provided by (used in) operating activities includes cash payments for interest and tax as follows:

	Fiscal Year Ended March 31,		
	2021	2020	2019
	(in thousands)		
Cash paid for interest	$ 12,475	$ 39,568	$ 40,969
Cash (received from) paid for tax, net	$ (7,337)	$ 266,708	$ 5,928

Operating Activities

For the year ended March 31, 2021, cash provided by operating activities was $220.4 million as a result of net income of $75.7 million, and adjusted by non-cash charges of $113.6 million and a change of $31.2 million in our operating assets and liabilities. The non-cash charges are primarily comprised of depreciation and amortization of $61.0 million and share-based compensation of $57.8 million. The change in our net operating assets and liabilities was primarily the result of an increase in deferred revenue of $96.5 million due to seasonality in our sales cycle, which is higher in the third and fourth quarters of our fiscal year, an increase in accounts payable and accrued expenses of $26.6 million driven by the timing of payments, and a decrease in prepaid expenses and other assets of $5.7 million driven by the timing of payments in advance of future services. These changes were partially offset by an increase in accounts receivable of $82.0 million due to the timing of receipts of payments from customers and an increase in deferred commissions of $16.3 million due to commissions paid on new bookings.

For the year ended March 31, 2020, cash used in operating activities was $142.5 million as a result of a net loss of $413.8 million, inclusive of a $255.8 million income tax payment related to the reorganization transactions, and adjusted by non-cash charges of $248.7 million and a change of $22.7 million in our operating assets and liabilities. The non-cash charges are primarily comprised of share-based compensation of $222.5 million and depreciation and amortization of $66.3 million, net of deferred income taxes of $46.2 million. The change in our net operating assets and liabilities was primarily the result of an increase in deferred revenue of $91.4 million due to higher subscription sales and timing of amounts billed to customers compared to revenue recognized during the same period, which were partially offset by an increase in deferred commissions of $20.1 million due to commissions paid on new bookings. Further contributing to the change was an increase in prepaid expenses and other assets of $57.6 million related to an increase in income taxes refundable, an increase in accounts payable and accrued expenses of $53.0 million driven by our growth and the timing of payments, and an increase in accounts receivable of $44.0 million in line with higher sales and the timing of cash collections between the two periods.

For the year ended March 31, 2019, cash provided by operating activities was $147.1 million as a result of a net loss of $116.2 million, adjusted by non-cash charges of $115.9 million and a change of $147.4 million in our operating assets and liabilities. The non-cash charges are primarily comprised of depreciation and amortization of $80.1 million, share-based compensation of $71.2 million, and deferred income taxes of $34.2 million. The change in our net operating assets and liabilities was primarily the result of an increase in deferred revenue of $127.0 million due to the timing of billings and cash received in advance of revenue recognition primarily for subscription and support services and a decrease in accounts receivable of $18.0 million due to the timing of receipts of payments from customers, partially offset by an increase in deferred commissions of $20.0 million, and an increase in prepayments and other assets of $12.4 million.

Investing Activities

Cash used in investing activities during the year ended March 31, 2021 was $13.9 million, as a result of the purchases of property and equipment of $14.1 million and capitalized software additions of $0.3 million, gross of $0.5 million of derecognized software costs.

Cash used in investing activities during the year ended March 31, 2020 was $20.6 million, as a result of the purchases of property and equipment of $19.7 million and capitalized software additions of $0.9 million.

Cash used in investing activities during the year ended March 31, 2019 was $9.3 million, as a result of purchases of property and equipment of $7.4 million and capitalized software additions of $1.9 million.

Financing Activities

Cash used in financing activities during the year ended March 31, 2021 was $97.8 million, primarily as a result of repayments of our term loans of $120.0 million, partially offset by proceeds from the exercise of our stock options of $13.1 million and proceeds from our employee stock purchase plan of $9.2 million.

Cash provided by financing activities during the year ended March 31, 2020 was $329.4 million, primarily as a result of net proceeds from our initial public offering of $590.3 million and a contribution received for our tax obligation generated by our reorganization transactions of $265.0 million, which were partially offset by repayments on our term loans of $515.2 million, settlement of deferred offering costs of $5.0 million, and installments related to an acquisition of $4.7 million.

Cash used in financing activities during the year ended March 31, 2019 was $161.5 million, primarily as a result of payments to related parties of $1,177.0 million, repayments on our term loans of $83.9 million, debt issuance costs of $16.3 million and equity repurchases of $0.6 million, partially offset by $1,120.0 million in proceeds from term loans.

Contractual Obligations and Commitments

Under various agreements, we are obligated to make future cash payments. These include payments under our long-term debt agreements, rent payments required under operating lease agreements, interest obligations on our term loans, and other contractual commitments.

The following table summarizes our payments under contractual obligations as of March 31, 2021:

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
			(in thousands)		
Operating lease obligations	$ 57,890	$ 12,290	$ 22,757	$ 12,637	$ 10,206
First Lien Term Loan - principal (1)	401,125	—	—	401,125	—
First Lien Term Loan - interest (2)	42,178	9,592	19,210	13,376	—
Revolving credit facility (3)	—	—	—	—	—
Total	$ 501,193	$ 21,882	$ 41,967	$ 427,138	$ 10,206

(1) The amounts included in the table above represent principal maturities only.

(2) Amounts represent estimated future interest payments on borrowings under our First Lien Term Loan, which were estimated using the interest rate effective at March 31, 2021 multiplied by the principal outstanding on March 31, 2021. The First Lien Term Loan consists of $401.1 million currently bearing interest at 2.4%.

(3) As of March 31, 2021, we had no outstanding borrowings under our revolving credit facility, $15.6 million of letters of credit outstanding, and $44.4 million was available for borrowing under our revolving credit facility.

As of March 31, 2021, we had accrued liabilities related to uncertain tax positions, which are reflected in our consolidated balance sheets. These accrued liabilities are not reflected in the table above since it is unclear when these liabilities will be repaid.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with generally accepted accounting principles in the United States. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

We believe that the assumptions and estimates associated with revenue recognition, share-based compensation, income taxes, goodwill, and impairment of long-lived assets have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates. Accordingly, we believe these are the most critical to fully understand and evaluate our financial condition and results of operations.

Revenue Recognition

We recognize revenue from contracts with customers using the five-step method described in Note 2 of the notes to our consolidated financial statements, included elsewhere in this Annual Report. At contract inception we evaluate whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation. We combine contracts entered into at or near the same time with the same customer if (i) we determine that the contracts are negotiated as a package with a single commercial objective, (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract, or (iii) the services promised in the contracts are a single performance obligation.

The identification of our performance obligations involves review and consideration for the contractual terms, the implied rights of our customers, if any, product demonstrations and published website and marketing materials. Our performance obligations consist of (i) subscription and support services, (ii) licenses for our Classic products, and (iii) professional and other services. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on their relative standalone selling price. We determine standalone selling price, or SSP, for all our performance obligations using observable inputs, such as standalone sales and historical contract pricing. SSP is consistent with our overall pricing objectives, taking into consideration the type of subscription services and professional and other services. SSP also reflects the amount we would charge for that performance obligation if it were sold separately in a standalone sale, and the price we would sell to similar customers in similar circumstances. We have determined that our pricing for software licenses and subscription services is highly variable and we therefore allocate the transaction price to those performance obligations using the residual approach.

In general, we satisfy the majority of our performance obligations over time as we transfer the promised services to our customers. We review the contract terms and conditions to evaluate (i) the timing and amount of revenue recognition, (ii) the related contract balances, and (iii) our remaining performance obligations. We also estimate the number of hours expected to be incurred based on an expected hours approach that considers historical hours incurred for similar projects based on the types and sizes of customers. These evaluations require significant judgment that could affect the timing and amount of revenue recognized.

Share-based Compensation

We historically issued Management Incentive Units ("MIUs") and Appreciation Units ("AUs") under the Management Incentive Unit Plan, or the MIU Plan. Following the IPO, we ceased granting awards under the MIU Plan, and all outstanding awards were converted into shares of common stock, restricted stock, and restricted stock units under the Amended and Restated 2019 Equity Incentive Plan, or the 2019 Plan. Under the 2019 Plan, we have granted stock options, restricted stock awards, restricted stock units to certain key employees and non-employee directors. For further information see Note 13 of the notes to the consolidated financial statements in this Annual Report.

Compensation expense relating to share-based payments is recognized in earnings using a fair-value measurement method. We use the straight-line attribution method of recognizing compensation expense over the vesting period. Forfeitures are accounted for in the period in which the awards are forfeited.

Prior to our IPO, the fair value of the MIUs and AUs were estimated on the date of grant using the option-pricing model, or OPM, or a hybrid of the probability-weighted expected return method and the option-pricing model, which we referred to as the hybrid method. Use of the OPM model and hybrid method required that we make assumptions as to the volatility of our equity awards, the expected term to expiration or a liquidity event, and the risk-free interest rate for a period that approximates the expected term of our equity awards. The computation of expected volatility was based on the historical volatility of a group of publicly traded peer companies. We used the simplified method prescribed by SEC Staff Accounting Bulletin No. 107, Share-Based Payment, to calculate the expected term of units granted to employees and directors. We based the expected term of options granted to non-employees on the contractual term of the units. We determined the risk-free interest rate by reference to the U.S. Constant Maturity Treasury yield curve in effect as of the valuation date with the maturity matching the expected term.

The following key assumptions were used to determine the fair value of the MIUs and AUs during the years ended March 31, 2020 and 2019:

	March 31, 2020	March 31, 2019
Expected volatility	35% - 55%	50% - 60%
Expected term (years)	0.5 - 1.25	1.0 - 1.5
Risk-free interest rate	1.86% - 2.09%	2.33% - 2.40%

Subsequent to our IPO, the fair value of each new equity award and purchase right under the employee stock purchase plan is estimated on the date of grant. We estimate the fair value of each option award and purchase right using the Black-Scholes option-pricing model. The fair value of restricted stock units and restricted stock awards is based on the closing price of our common stock as reported on the New York Stock Exchange.

Our use of the Black-Scholes option-pricing model requires that we make assumptions as to the volatility of our stock options and purchase rights under our 2019 Employee Stock Purchase Plan, or the ESPP, the expected term to expiration or a liquidity event, and the risk-free interest rate for a period that approximates the expected term of our stock options and purchase rights under the ESPP. The computation of expected volatility is based on the historical volatility of a group of publicly traded peer companies. We expect to continue to do so until such time as we have adequate historical data regarding the volatility of our traded stock price. The computation of expected term for the stock options is based on the average period the stock options are expected to remain outstanding, generally calculated as the midpoint of the stock options' remaining vesting term and contractual expiration period, as we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The computation of expected term for the purchase rights under the ESPP is based on the offering period, which is six months. We determined the risk-free interest rate based on the U.S. Treasury yield curve in effect at the time of grant for the expected life of the award. We use a dividend yield of zero, as we do not currently issue dividends, nor do we expect to do so in the future.

The following key assumptions were used to determine the fair value of the stock options granted during the years ended March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
Expected volatility	39.3% - 39.8%	37.1% - 38.9%
Expected term (years)	6.1	6.1
Risk-free interest rate	0.4% - 1.1%	0.8% - 1.9%

The following key assumptions were used to determine the fair value of ESPP purchase rights granted during the years ended March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
Expected volatility	35.9% - 55.5%	35.9 %
Expected term (years)	0.5	0.5
Risk-free interest rate	0.1% - 1.6%	1.6 %

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax bases of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. We have the ability to permanently reinvest any earnings in our foreign subsidiaries and therefore do not record a deferred tax liability on any outside basis differences in our investments in subsidiaries.

We record net deferred tax assets to the extent we believe that these assets will more likely than not be realized. These deferred tax assets are subject to periodic assessments as to recoverability, and if it is determined that it is more likely than not that the benefits will not be realized, valuation allowances are recorded which would reduce deferred tax assets. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations.

We account for uncertain tax positions based on those positions taken or expected to be taken in a tax return. We determine if the amount of available support indicates that it is more likely than not that the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. We then measure the tax benefit as the largest amount that is more than 50% likely to be realized upon settlement. We adjust reserves for our uncertain tax positions due to changing facts and circumstances. To the extent that the final outcome of these matters is different than the amounts recorded, such differences will impact our tax provision in our consolidated statements of operations in the period in which such determination is made. Interest and penalties related to uncertain income tax positions are included in the income tax provision.

Goodwill

Goodwill represents the excess of acquisition cost over the fair value of net tangible and identified net assets acquired. Goodwill and intangible assets that have indefinite lives are not amortized, but rather tested for impairment annually, as of January 1, or more often if and when events or circumstances indicate that the carrying value may not be recoverable. Goodwill impairment, if any, is determined by comparing the reporting unit's fair value to its carrying value. An impairment loss is recognized in an amount equal to the excess of the reporting unit's carrying value over its fair value, up to the amount of goodwill allocated to the reporting unit. There were no impairments of goodwill during the years ended March 31, 2021, 2020, and 2019.

For the purpose of testing goodwill for impairment, all goodwill acquired in a business combination is assigned to one or more reporting units. A reporting unit represents an operating segment or a component within an operating segment for which discrete financial information is available and is regularly reviewed by segment management for performance assessment and resource allocation. Components of similar economic characteristics are aggregated into one reporting unit for the purpose of goodwill impairment assessment. Reporting units are identified annually and re-assessed periodically for recent acquisitions or any changes in segment reporting structure. We have determined that we operate as one reporting unit.

The fair value of a reporting unit is generally determined using a combination of the income approach and the market approach. For the income approach, fair value is determined based on the present value of estimated future after-tax cash flows, discounted at an appropriate risk-adjusted rate.

We use our internal forecasts to estimate future after-tax cash flows and estimate the long-term growth rates based on our most recent views of the long-term outlook for each reporting unit. Actual results may differ from those assumed in our forecasts. We derive our discount rates using a capital asset pricing model and analyzing published rates for industries relevant to our reporting units to estimate the weighted average cost of capital. We adjust the discount rates for the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. For the market approach, we use a valuation technique in which values are derived based on valuation multiples of comparable publicly traded companies. We assess each valuation methodology based upon the relevance and availability of the data at the time we perform the valuation and weight the methodologies appropriately.

Impairment of Long-Lived Assets

Long-lived assets, including amortized intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, we first compare undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. We estimate fair value using discounted cash flows and other market-related valuation models, including earnings multiples and comparable asset market values. If circumstances change or events occur to indicate that our fair market value has fallen below book value, then we will compare the estimated fair value of long-lived assets (including goodwill) to its book value. If the book value exceeds the estimated fair value, we will recognize the difference as an impairment loss in our consolidated statements of operations. We did not incur any impairment losses during the years ended March 31, 2021, 2020, and 2019.

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, of our accompanying audited consolidated financial statements included in this Annual Report for a description of recently issued accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Foreign Currency Exchange Risk

Our reporting currency is the U.S. dollar, and the functional currency of each of our subsidiaries is either its local currency or the U.S. dollar, depending on the circumstances. Due to our international operations, we have foreign currency risks related to operating expense denominated in currencies other than the U.S. dollar, particularly the Euro. Additionally, fluctuations in foreign currencies impact the amount of total assets, liabilities, and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. Decreases in the relative value of the U.S. dollar to other currencies may negatively affect our operating results as expressed in U.S. dollars.

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates because, although substantially all of our revenue is generated in U.S. dollars, our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations, which are primarily in the United States, Europe and Asia. Our results of operations and cash flows could therefore be adversely affected in the future due to changes in foreign exchange rates. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our results of operations or cash flows, and to date, we have not engaged in any hedging strategies with respect to foreign currency transactions. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates, and we may choose to engage in the hedging of foreign currency transactions in the future.

Interest Rate Risk

We had cash and cash equivalents of $325.0 million and $213.2 million as of March 31, 2021 and 2020, respectively, consisting of bank deposits, commercial paper, and money market funds. These interest-earning instruments carry a degree of interest rate risk. To date, fluctuations in our interest income have not been significant. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of these investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates.

At March 31, 2021, we also had in place a $60.0 million revolving credit facility, with availability of $44.4 million, and $401.1 million in term loans. The revolving credit facility and the term loan bear interest based on the adjusted LIBOR rate, as defined in the agreement, plus an applicable margin, equivalent to 2.4% at March 31, 2021. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Dynatrace, Inc.
Waltham, Massachusetts

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Dynatrace, Inc. (the "Company") as of March 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity/member's deficit, and cash flows for each of the three years in the period ended March 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of March 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated May 28, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition - Identification of Performance Obligations

As described in Notes 2 and 3 to the consolidated financial statements, the Company's revenues consist of fees for the Company's software products delivered on a perpetual and term license basis as well as hosted software as a service ("SaaS"), post-contract customer support (referred to as maintenance), and professional services. The Company's contracts with customers may have multiple performance obligations including some or all of the following: software licenses, SaaS, maintenance, and professional services. When multiple promised products and services are included within one contract, management applies judgment to determine whether promised products and services are distinct, which affects the timing and pattern of revenue recognition.

We identified revenue recognition, specifically related to management's identification of distinct performance obligations, as a critical audit matter. The principal considerations for our determination are the volume of the Company's contracts that may contain multiple products or services, together with the significant judgment involved in management's identification of performance obligations. Auditing these elements was especially challenging due to the extent of audit effort and the degree of auditor judgment required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Testing a sample of revenue contracts by obtaining and reviewing underlying source documents relevant to revenue recognition; for those selected contracts, reperforming and evaluating management's identification of the performance obligations within the contract with the customer, including whether management identified options to acquire additional goods or services that gave rise to a material right.
- Evaluating whether the when-and-if available updates included within maintenance are critical to the continued utility of the related software licenses, such that they should be a single combined performance obligation, including i) assessing key assumptions relating to product functionality with the Company's product specialists, ii) reviewing published information regarding the product and support offerings, and iii) evaluating frequency and importance of updates.

Accounting for Income Taxes - Deferred Tax Assets and Liabilities

As described in Notes 2 and 7 to the consolidated financial statements, the Company has recorded gross deferred tax assets relating to deductible temporary differences, net operating losses and credit carryforwards of $80.8 million as of March 31, 2021, with an offsetting valuation allowance of $24.3 million. The Company reduces its deferred tax assets by a valuation allowance, if based upon the weight of all available evidence, it is more likely than not that some portion, or all, of the deferred tax asset will not be realized on a more-likely-than-not basis. Management applied judgment in assessing the realizability of its deferred tax assets and the need for any valuation allowances, in particular its ability to rely on the reversal of existing deferred tax liabilities as a source of income. In determining the amount of deferred tax assets that are more-likely-than-not to be realized, management considers all available positive and negative evidence, including future reversals of existing temporary differences, projected future taxable income, tax planning strategies and recent financial operations.

We identified accounting for income taxes, specifically management's evaluation of gross deferred tax assets and liabilities and evaluation of the realizability of deferred tax assets, as a critical audit matter. The evaluation of gross deferred tax assets and liabilities involves complex tax regulations relating to multiple jurisdictions. Assessing the realizability of deferred tax assets involves significant judgment and subjective evaluation of assumptions in scheduling the reversal of temporary differences which involves application of income tax law in the various jurisdictions in which the Company operates. Auditing these elements involved especially complex auditor judgment due to the nature and extent of audit effort required to address these matters, including the need to involve personnel with specialized skill and knowledge.

The primary procedures we performed to address this critical audit matter included:

Utilizing personnel with specialized knowledge and skill in domestic and international tax to assist in the following:

- Evaluating the appropriateness and accuracy of the gross deferred tax assets and deferred tax liabilities by assessing significant changes by nature of the tax item;
- Testing the scheduling of reversing gross deferred tax assets as compared to deferred tax liabilities by jurisdiction, including the underlying management assumptions;
- Analyzing management's assessment of domestic and foreign tax laws and application to the Company's tax provisions; and
- Evaluating i) the Company's application of tax law in the available tax planning strategies, and ii) the Company's assessment of its ability to carryback losses or credits.

We have served as the Company's auditor since 2015.

/s/ BDO USA, LLP

Troy, Michigan
May 28, 2021

DYNATRACE, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	March 31, 2021	March 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 324,962	$ 213,170
Accounts receivable, net	242,079	157,058
Deferred commissions, current	48,986	38,509
Prepaid expenses and other current assets	64,255	79,040
Total current assets	680,282	487,777
Property and equipment, net	36,916	31,508
Operating lease right-of-use asset, net	42,959	—
Goodwill	1,271,195	1,270,733
Other intangible assets, net	149,484	201,592
Deferred tax assets, net	16,811	7,405
Deferred commissions, non-current	48,638	39,736
Other assets	9,933	8,126
Total assets	$ 2,256,218	$ 2,046,877
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 9,621	$ 11,112
Accrued expenses, current	119,527	95,011
Deferred revenue, current	509,272	384,060
Operating lease liabilities, current	9,491	—
Total current liabilities	647,911	490,183
Deferred revenue, non-current	47,504	60,711
Accrued expenses, non-current	16,072	20,294
Operating lease liabilities, non-current	38,203	—
Deferred tax liabilities	1,014	—
Long-term debt	391,913	509,985
Total liabilities	1,142,617	1,081,173
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Common shares, $0.001 par value, 600,000,000 shares authorized, 283,130,238 and 280,853,040 shares issued and outstanding at March 31, 2021 and March 31, 2020, respectively	283	281
Additional paid-in capital	1,653,328	1,573,347
Accumulated deficit	(513,799)	(589,819)
Accumulated other comprehensive loss	(26,211)	(18,105)
Total shareholders' equity	1,113,601	965,704
Total liabilities and shareholders' equity	$ 2,256,218	$ 2,046,877

See accompanying notes to consolidated financial statements

DYNATRACE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Fiscal Year Ended March 31, 2021	2020	2019
Revenue:			
Subscription	$ 655,180	$ 487,817	$ 349,830
License	1,446	12,686	40,354
Service	46,883	45,300	40,782
Total revenue	703,509	545,803	430,966
Cost of revenue:			
Cost of subscription	77,488	73,193	56,934
Cost of service	34,903	39,289	31,529
Amortization of acquired technology	15,317	16,449	18,338
Total cost of revenue	127,708	128,931	106,801
Gross profit	575,801	416,872	324,165
Operating expenses:			
Research and development	111,415	119,281	76,759
Sales and marketing	245,487	266,175	178,886
General and administrative	92,219	161,983	91,778
Amortization of other intangibles	34,744	40,280	47,686
Restructuring and other	40	1,092	1,763
Total operating expenses	483,905	588,811	396,872
Income (loss) from operations	91,896	(171,939)	(72,707)
Interest expense, net	(14,205)	(45,397)	(69,845)
Other income (expense), net	162	(1,197)	2,641
Income (loss) before income taxes	77,853	(218,533)	(139,911)
Income tax (expense) benefit	(2,139)	(195,284)	23,717
Net income (loss)	$ 75,714	$ (413,817)	$ (116,194)
Net income (loss) per share:			
Basic	$ 0.27	$ (1.56)	$ (0.49)
Diluted	$ 0.26	$ (1.56)	$ (0.49)
Weighted average shares outstanding:			
Basic	280,469	264,933	235,939
Diluted	286,509	264,933	235,939

See accompanying notes to consolidated financial statements

DYNATRACE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Fiscal Year Ended March 31,		
	2021	**2020**	**2019**
Net income (loss)	$ 75,714	$ (413,817)	$ (116,194)
Other comprehensive (loss) income			
Foreign currency translation adjustment	(8,106)	4,982	(3,912)
Effect of reorganization	—	6,623	—
Total other comprehensive (loss) income	(8,106)	11,605	(3,912)
Comprehensive income (loss)	$ 67,608	$ (402,212)	$ (120,106)

See accompanying notes to consolidated financial statements

DYNATRACE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY / MEMBER'S DEFICIT
(In thousands)

	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Shareholders' Equity / Member's Deficit
	Shares	Amount				
Balance, March 31, 2018	—	$ —	$ (183,084)	$ (59,808)	$ (25,798)	$ (268,690)
Foreign currency translation					(3,912)	(3,912)
Transfers to related parties			(813)			(813)
Equity repurchases			(649)			(649)
Net loss				(116,194)		(116,194)
Balance, March 31, 2019	—	$ —	$ (184,546)	$ (176,002)	$ (29,710)	$ (390,258)
Foreign currency translation					4,982	4,982
Reclassification of related party payable upon reorganization			600,622			600,622
Issuance of common stock in connection with initial public offering, net of underwriters' discounts and commissions and issuance costs	38,873	39	585,258			585,297
Effect of reorganization	241,547	242	271,383		6,623	278,248
Contribution for taxes associated with reorganization			265,000			265,000
Restricted stock units vested	503	—				—
Restricted stock awards forfeited	(70)	—				—
Share-based compensation			35,786			35,786
Equity repurchases			(156)			(156)
Net loss				(413,817)		(413,817)
Balance, March 31, 2020	280,853	$ 281	$ 1,573,347	$ (589,819)	$ (18,105)	$ 965,704
Foreign currency translation					(8,106)	(8,106)
Restricted stock units vested	1,256	1				1
Restricted stock awards forfeited	(110)	—				—
Issuance of common stock related to employee stock purchase plan	331	—	9,195			9,195
Exercise of stock options	800	1	13,051			13,052
Share-based compensation			57,784			57,784
Equity repurchases			(49)			(49)
Cumulative effects adjustment for ASU 2016-02 adoption				306		306
Net income				75,714		75,714
Balance, March 31, 2021	283,130	$ 283	$ 1,653,328	$ (513,799)	$ (26,211)	$ 1,113,601

See accompanying notes to consolidated financial statements

DYNATRACE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended March 31,		
	2021	**2020**	**2019**
Cash flows from operating activities:			
Net income (loss)	$ 75,714	$ (413,817)	$ (116,194)
Adjustments to reconcile net income (loss) to cash provided by (used in) operations:			
Depreciation	9,022	7,864	7,319
Amortization	51,942	58,457	72,792
Share-based compensation	57,784	222,478	71,151
Deferred income taxes	(7,036)	(46,221)	(34,214)
Other	1,845	6,129	(1,140)
Net change in operating assets and liabilities:			
Accounts receivable	(81,992)	(44,021)	17,979
Deferred commissions	(16,323)	(20,107)	(19,968)
Prepaid expenses and other assets	5,669	(57,588)	(12,401)
Accounts payable and accrued expenses	26,592	53,004	34,787
Operating leases, net	731	—	—
Deferred revenue	96,488	91,367	127,030
Net cash provided by (used in) operating activities	220,436	(142,455)	147,141
Cash flows from investing activities:			
Purchase of property and equipment	(14,076)	(19,721)	(7,377)
Capitalized software costs	197	(892)	(1,873)
Net cash used in investing activities	(13,879)	(20,613)	(9,250)
Cash flows from financing activities:			
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	590,297	—
Settlement of deferred offering costs	—	(5,000)	—
Proceeds from term loans	—	—	1,120,000
Debt issuance costs	—	(866)	(16,288)
Repayment of term loans	(120,000)	(515,189)	(83,871)
Payments to related parties	—	—	(1,177,021)
Contribution for tax associated with reorganization	—	265,000	—
Proceeds from employee stock purchase plan	9,195	—	—
Proceeds from exercise of stock options	13,052	—	—
Equity repurchases	(49)	(156)	(649)
Installments related to acquisitions	—	(4,694)	(3,653)
Net cash (used in) provided by financing activities	(97,802)	329,392	(161,482)
Effect of exchange rates on cash and cash equivalents	3,037	(4,468)	(2,676)
Net increase (decrease) in cash and cash equivalents	111,792	161,856	(26,267)
Cash and cash equivalents, beginning of year	213,170	51,314	77,581

Cash and cash equivalents, end of year	$	324,962	$	213,170	$	51,314
Supplemental cash flow data:						
Cash paid for interest	$	12,475	$	39,568	$	40,969
Cash (received from) paid for tax, net	$	(7,337)	$	266,708	$	5,928
Noncash investing and financing activities:						
Reclassification of related party payable upon reorganization	$	—	$	600,622	$	—
Transactions with related parties	$	—	$	—	$	14,263
Modification of MIU Plan awards	$	—	$	278,248	$	—

See accompanying notes to consolidated financial statements

1. Description of the Business

Business

Dynatrace, Inc. ("Dynatrace", or the "Company") offers an observability platform, purpose-built for modern multicloud environments. The Company designed its all-in-one Dynatrace® Software Intelligence Platform to address the growing complexity faced by technology and digital business teams as these enterprises further embrace the cloud to effect their digital transformation. The Company's platform does so by utilizing artificial intelligence at its core and continuous automation to deliver precise answers about the performance and security of applications, the underlying infrastructure, and the experience of its customers' users to enable organizations to innovate faster, operate more efficiently, and improve user experiences for consistently better business outcomes.

Thoma Bravo ("TB"), a private equity investment firm, completed its acquisition of Compuware Corporation on December 15, 2014. Following the acquisition, Compuware Corporation was restructured following which Compuware Parent, LLC became the owner of Dynatrace Holding Corporation ("DHC"), under which the Compuware and Dynatrace businesses were separated, establishing Dynatrace as a standalone business. Following the corporate reorganization described below, Dynatrace became wholly owned by Dynatrace, Inc. (formerly Dynatrace Holdings LLC).

Fiscal year

The Company's fiscal year ends on March 31. References to fiscal 2021, for example, refer to the fiscal year ended March 31, 2021.

2. Significant Accounting Policies

Basis of presentation and consolidation

Prior to July 30, 2019, Dynatrace Holdings LLC, a Delaware limited liability company, was an indirect equity holder of DHC that indirectly and wholly owned Dynatrace, LLC. On July 31, 2019, Dynatrace Holdings LLC (i) converted into a Delaware corporation with the name Dynatrace, Inc. and (ii) through a series of corporate reorganization steps, became the parent company of DHC. Additionally, as part of the reorganization, two wholly owned subsidiaries of DHC, Compuware Corporation ("Compuware") and SIGOS LLC ("SIGOS"), were spun out from the corporate structure to the DHC shareholders. As a result of these transactions, DHC is a wholly owned indirect subsidiary of Dynatrace, Inc. These reorganization steps are collectively referred to as the "reorganization." In connection with the reorganization, the equity holders of Compuware Parent, LLC received 222,021,708 units of Dynatrace Holdings LLC in exchange for their equity interests in Compuware Parent, LLC based on the fair value of a unit of Dynatrace Holdings LLC on July 30, 2019, which was determined to be $16.00 per unit by a committee of the board of managers of Dynatrace Holdings LLC, and all of the outstanding units of Dynatrace Holdings LLC then converted into shares of Dynatrace, Inc. Additionally, 19,525,510 units of Dynatrace Holdings LLC were issued upon exchange of Dynatrace, LLC Management Incentive Units ("MIUs") and Appreciation Units ("AUs") for a total of 241,547,218 outstanding units in Dynatrace Holdings LLC immediately prior to the closing of the Company's initial public offering ("IPO").

The reorganization was completed between entities that were under common control since December 15, 2014. Therefore, these consolidated financial statements retroactively reflect DHC and Dynatrace, Inc. on a consolidated basis for the periods presented. The spin-offs of Compuware Corporation and SIGOS LLC from DHC have been accounted for retroactively as a change in reporting entity and accordingly, these consolidated financial statements exclude their accounts and results.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements. The income tax amounts in the accompanying consolidated financial statements have been calculated based on a separate return methodology and presented as if the Company's operations were separate taxpayers in the respective jurisdictions.

As described in Note 16, prior to the reorganization the consolidated financial statements reflected the debt and debt service associated with subordinated demand promissory notes payable to a related party. The consolidated financial statements also reflect certain expenses incurred by the Company for certain functions including shared services for the periods prior to the reorganization, which are immaterial to these consolidated financial statements. These expenses were allocated to Dynatrace on the basis of direct usage when identifiable, and for resources indirectly used by Dynatrace. Allocations were based on a proportional cost allocation methodology to reflect estimated usage by Dynatrace. Management considers the allocation methodology and results to be reasonable for all periods presented. However, the financial information presented in these consolidated financial statements may not reflect the consolidated financial position, operating results and cash flows of Dynatrace had the Dynatrace business been a separate stand-alone entity during all of the periods presented. Actual costs that would have been incurred if Dynatrace had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas.

Initial Public Offering

On August 1, 2019, the Company completed its initial public offering, in which it sold and issued 38,873,174 shares of common stock, inclusive of the underwriters' option to purchase additional shares that was exercised in full, at an issue price of $16.00 per share. The Company received a total of $622.0 million in gross proceeds from the offering, or approximately $585.3 million in net proceeds after deducting approximately $36.7 million for underwriting discounts, commissions and offering-related expenses.

The IPO also included the sale of 2.1 million shares of common stock, by selling stockholders, inclusive of the underwriters' option to purchase additional shares that was exercised in full. The Company did not receive any proceeds from the sale of common stock by the selling stockholders.

Prior to the closing of the IPO, the 241,547,218 outstanding units of Dynatrace Holdings LLC were converted on a one-for-one basis into shares of common stock in accordance with the terms of the certificate of incorporation.

Foreign currency translation

The reporting currency of the Company is the U.S. dollar ("USD"). The functional currency of the Company's principal foreign subsidiaries is the currency of the country in which each entity operates. Accordingly, assets and liabilities in the consolidated balance sheet have been translated at the rate of exchange at the balance sheet date, and revenues and expenses have been translated at average exchange rates prevailing during the period the transactions occurred. Translation adjustments have been excluded from the results of operations and are reported as accumulated other comprehensive loss within the consolidated statements of shareholders' equity / member's deficit.

Transaction gains and losses generated by the effect of changes in foreign currency exchange rates on recorded assets and liabilities denominated in a currency different than the functional currency of the applicable entity are recorded in "Other income (expense), net" in the consolidated statements of operations.

Use of estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Management periodically evaluates such estimates and assumptions for continued reasonableness. In particular, the Company makes estimates with respect to the stand-alone selling price for each distinct performance obligation in customer contracts with multiple performance obligations, the uncollectible accounts receivable, the fair value of tangible and intangible assets acquired, valuation of long-lived assets, the period of benefit for deferred commissions and material rights, income taxes, equity-based compensation expense, and the determination of the incremental borrowing rate used for operating lease liabilities, among other things. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. Actual results could differ from those estimates.

In March 2020, the World Health Organization declared the recent outbreak of the novel coronavirus disease, or COVID-19, a global pandemic. The extent of the impact of the COVID-19 pandemic on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on the Company's customers and its sales cycles, which are uncertain and cannot be predicted. As of the date of the consolidated financial statements, the Company is not aware of any specific event or circumstance that would require an update to its estimates, judgments or a revision of the carrying value the Company's assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the consolidated financial statements.

Segment information

The Company operates as one operating segment. The Company's chief operating decision maker is its chief executive officer, who reviews financial information presented on a consolidated basis, for purposes of making operating decisions, assessing financial performance and allocating resources.

Business combinations

When the Company acquires a business, management allocates the purchase price to the net tangible and identifiable intangible assets acquired. Any residual purchase price is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets. These estimates can include but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted average cost of capital and the cost savings expected to be derived from acquiring an asset.

Revenue recognition

The Company sells software licenses, subscriptions, maintenance and support, and professional services together in contracts with its customers, which include end-customers and channel partners. The Company's software license agreements provide customers with a right to use software perpetually or for a defined term. As required under applicable accounting principles, the goods and services that the Company promises to transfer to a customer are accounted for separately if they are distinct from one another. Promised items that are not distinct are bundled as a combined performance obligation. The transaction price is allocated to the performance obligations based on the relative estimated standalone selling prices of those performance obligations.

The Company recognizes revenue from contracts with customers under Accounting Standards Codification ("ASC") Topic 606 ("Topic 606").

The Company determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer
   The Company considers the terms and conditions of the contract in identifying the contracts. The Company determines a contract with a customer to exist when the contract is approved, each party's rights regarding the services to be transferred can be identified, the payment terms for the services can be identified, it has been determined the customer has the ability and intent to pay, and the contract has commercial substance. At contract inception, the Company will evaluate whether two or more contracts should be combined and accounted for as a single contract and whether the combined or single contract includes more than one performance obligation. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, and financial information pertaining to the customer.

2. Identification of the performance obligations in the contract
   Performance obligations promised in a contract are identified based on the services and the products that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. In identifying performance obligations, the Company reviews contractual terms, considers whether any implied rights exist, and evaluates published product and marketing information. The Company's performance obligations consist of (i) software licenses, (ii) subscription services, (ii) maintenance and support for software licenses, and (iv) professional services.

3. Determination of the transaction price
   The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. The Company's contracts do not contain a significant financing component.

4. Allocation of the transaction price to the performance obligations in the contract
   If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price ("SSP") for arrangements not including software licenses or subscription services. The Company has determined that its pricing for software licenses and subscription services is highly variable and therefore allocates the transaction price to those performance obligations using the residual approach.

5. Recognition of revenue when, or as a performance obligation is satisfied
   Revenue is recognized at the time the related performance obligation is satisfied by transferring the control of the promised service to a customer. Revenue is recognized when control of the service is transferred to the customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those services.

Subscription

Subscription revenue relates to performance obligations for which the Company recognizes revenue over time as control of the product or service is transferred to the customer. Subscription revenue includes arrangements that permit customers to access and utilize the Company's hosted software delivered on a software-as-a-service ("SaaS") basis, term-based and perpetual licenses of the Company's Dynatrace Software, as well as maintenance. The when-and-if available updates of the Dynatrace Software, which are part of the maintenance agreement, are critical to the continued utility of the Dynatrace Software; therefore, the Company has determined the Dynatrace Software and the related when-and-if available updates to be a combined performance obligation. Accordingly, when Dynatrace Software is sold under a term-based license, the revenue associated with this combined performance obligation is recognized ratably over the license term as maintenance is included for the duration of the license term. The Company has determined that perpetual licenses of Dynatrace Software provide customers with a material right to acquire additional goods or services that they would not receive without entering into the initial contract as the renewal option for maintenance services allows the customer to extend the utility of the Dynatrace Software without having to again make the initial payment of the perpetual software license fee. The associated material right is deferred and recognized ratably over the term of the expected optional maintenance renewals.

Subscription revenue also includes maintenance services relating to the Company's Classic offerings as that revenue is recognized over time given that the obligation is a stand-ready obligation to provide customer support and when-and-if available updates to the Classic software as well as certain other stand-ready obligations.

License

License revenue relates to performance obligations for which the Company recognizes revenue at the point that the license is transferred to the customer. License revenue includes these perpetual and term-based licenses that relate to the Company's Classic offerings ("Classic Software Licenses"), which are focused on traditional customer approaches to building, operating and monitoring software in less dynamic environments. The Company requires customers purchasing perpetual licenses of Classic Software and Dynatrace Software, as defined below, to also purchase maintenance services covering at least one year from the beginning of the perpetual license. The Company has determined that the Classic Software Licenses and the related maintenance services are separate performance obligations with different patterns of recognition. Revenue from Classic Software Licenses is recognized upon delivery of the license. Revenue from maintenance is recognized over the period of time of the maintenance agreement and is included in "Subscription".

Service

The Company offers implementation, consulting and training services for the Company's software solutions and SaaS offerings. Services fees are generally based on hourly rates. Revenues from services are recognized in the period the services are performed, provided that collection of the related receivable is reasonably assured.

Deferred commissions

Deferred sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for new contracts are deferred and then amortized on a straight-line basis over a period of benefit which the Company has estimated to be three years. The period of benefit has been determined by taking into consideration the duration of customer contracts, the life of the technology, renewals of maintenance and other factors. Sales commissions for renewal contracts are deferred and then amortized on a straight-line basis over the related contractual renewal period. Amortization expense is included in "Sales and marketing" expenses on the consolidated statements of operations.

The Company periodically reviews these deferred costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred commissions. There were no impairment losses recorded during the periods presented.

Deferred revenue

Deferred revenue consists primarily of billed subscription and maintenance fees related to the future service period of subscription and maintenance agreements in effect at the reporting date. Deferred licenses are also included in deferred revenue for those billed arrangements that are being recognized over time. Short-term deferred revenue represents the unearned revenue that will be earned within twelve months of the balance sheet date; whereas, long-term deferred revenue represents the unearned revenue that will be earned after twelve months from the balance sheet date.

Payment terms

Payment terms and conditions vary by contract type, although the Company's terms generally include a requirement of payment within 30 to 60 days. In instances where the timing of revenue recognition differs from the timing of payment, the Company has determined that its contracts do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing products and services, not to receive financing from customers or to provide customers with financing.

Contract modification

Contract modifications are assessed to determine (i) if the additional goods and services are distinct from the goods and services in the original arrangement; and (ii) if the amount of the consideration expected for the added goods and services reflects the stand-alone selling price of those goods and services, as adjusted for contract-specific circumstances. The Company's additional goods and services offered have historically been distinct. A contract modification meeting both criteria is accounted for as a separate contract. A contract modification not meeting both criteria is considered a change to the original contract, which the Company accounts for on a prospective basis as the termination of the existing contract and the creation of a new contract.

Cost of revenue

Cost of subscription

Cost of subscription revenue includes all direct costs to deliver the Company's subscription products including salaries, benefits, share-based compensation and related expenses such as employer taxes, allocated overhead for facilities, IT, third-party hosting fees related to the Company's cloud services, and amortization of internally developed capitalized software technology. The Company recognizes these expenses as they are incurred.

Cost of service

Cost of service revenue includes salaries, benefits, share-based compensation and related expenses such as employer taxes for our services organization, allocated overhead for depreciation of equipment, facilities and IT, and amortization of acquired intangible assets. The Company recognizes expense related to its services organization as they are incurred.

Amortization of acquired technology

Amortization of acquired technology includes amortization expense for technology acquired in business combinations.

Research and development

Research and development ("R&D") costs, which primarily include the cost of programming personnel, including share-based compensation, amounted to $111.4 million, $119.3 million, and $76.8 million during the years ended March 31, 2021, 2020 and 2019, respectively. R&D costs related to the Company's software solutions are reported as "Research and development" in the consolidated statements of operations.

Advertising

Advertising costs are expensed as incurred and are included in "Sales and marketing" expense in the consolidated statements of operations. Advertising expense was $26.4 million, $5.7 million, and $2.1 million during the years ended March 31, 2021, 2020 and 2019, respectively.

Leases

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At the inception of the contract, the Company determines if an arrangement contains a lease based on whether there is an identified asset and whether the Company controls the use of the identified asset. The Company also determines the classification of that lease, between financing and operating, at the lease commencement date. The Company accounts for and allocates consideration to the lease and non-lease components as a single lease component.

A right-of-use asset represents the Company's right to use an underlying asset and a lease liability represents the Company's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The discount rate used to determine the present value is the incremental borrowing rate unless the interest rate implicit in the lease is readily determinable. As the implicit rate for the operating leases is generally not determinable, the Company uses an incremental borrowing rate as the discount rate at the lease commencement date to determine the present value of lease payments. The Company determines the discount rate of the leases by considering various factors, such as the credit rating, interest rates of similar debt instruments of entities with comparable credit ratings, jurisdictions, and the lease term.

The Company's operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Company has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are not fixed are expensed as incurred as variable lease payments.

The Company's lease terms may include options to extend or terminate the lease. The Company generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the Company will exercise those options. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company's right-of-use assets are included in "Operating lease right-of-use asset, net" and the current and non-current portions of the lease liabilities are included in "Operating lease liabilities, current" and "Operating lease liabilities, non-current," respectively, on the consolidated balance sheets. The Company does not record leases with terms of 12 months or less on the consolidated balance sheets. Lease expense is recognized on a straight-line basis over the expected lease term.

Restructuring expense

The Company defines restructuring expense as costs directly associated with exit or disposal activities. Such costs include employee severance and termination benefits, contract termination fees and penalties, and other exit or disposal costs. In general, the Company records involuntary employee-related exit and disposal costs when there is a substantive plan for employee severance and related costs are probable and estimable. For one-time termination benefits (i.e., no substantive plan) and employee retention costs, expense is recorded when the employees are entitled to receive such benefits and the amount can be reasonably estimated. Contract termination fees and penalties and other exit and disposal costs are generally recorded when incurred.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. There is presently no concentration of credit risk for customers as no individual entity represented more than 10% of the balance in accounts receivable as of March 31, 2021, 2020 and 2019 or 10% of revenue for the years ended March 31, 2021, 2020 and 2019.

Cash and cash equivalents

All highly-liquid investments with a maturity of three months or less when purchased are considered cash and cash equivalents.

Accounts receivable, net

Trade accounts receivable are recorded at the invoiced amount. Prior to the Company's adoption of Topic 326, the accounts receivable balance was reduced by an allowance for doubtful accounts that was determined based on the Company's assessment of the collectability of customer accounts. Under Topic 326, accounts receivable are recorded at the invoiced amount, net of allowance for credit losses. The Company regularly reviews the adequacy of the allowance for credit losses based on a combination of factors. In establishing any required allowance, management considers historical losses adjusted for current market conditions, the Company's customers' financial condition, the amount of any receivables in dispute, the current receivables aging, current payment terms and expectations of forward-looking loss estimates. Allowance for credit losses was $1.3 million as of March 31, 2021 and allowance for doubtful accounts was $3.1 million as of March 31, 2020, and is classified as "Accounts receivable, net" in the consolidated balance sheets. See "Recently adopted accounting pronouncements" section below for information pertaining to the adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments.

Property and equipment, net

The Company states property and equipment, net, at the acquisition cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are depreciated over the shorter of the useful lives of the assets or the related lease. The following table presents the estimated useful lives of the Company's property and equipment:

Computer equipment and software	3 - 5 years
Furniture and fixtures	5 - 10 years
Leasehold improvements	Shorter of the useful life of the asset or the lease term

Property and equipment are reviewed for impairment whenever events or circumstances indicate their carrying value may not be recoverable. When such events or circumstances arise, an estimate of future undiscounted cash flows produced by the asset, or the appropriate grouping of assets, is compared to the asset's carrying value to determine if an impairment exists. If the asset is determined to be impaired, the impairment loss is measured based on the excess of its carrying value over its fair value. Assets to be disposed of are reported at the lower of carrying value or net realizable value. There was no impairment of property and equipment during the years ended March 31, 2021, 2020 and 2019.

Goodwill and other intangible assets

The Company's goodwill and intangible assets primarily relate to the push-down of such assets relating to Thoma Bravo's December 15, 2014 acquisition of Compuware Corporation based on their relative fair values at the date of acquisition.

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net tangible and intangible assets. Goodwill is evaluated for impairment annually in the fourth quarter of the Company's fiscal year, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Triggering events that may indicate impairment include, but are not limited to, a significant adverse change in customer demand or business climate that could affect the value of goodwill or a significant decrease in expected cash flows. Since the Company's acquisition by Thoma Bravo through March 31, 2021, the Company has not had any goodwill impairment.

Intangible assets consist primarily of customer relationships, developed technology, trade names and trademarks, all of which have a finite useful life, as well as goodwill. Intangible assets are amortized based on either the pattern in which the economic benefits of the intangible assets are estimated to be realized or on a straight-line basis, which approximates the manner in which the economic benefits of the intangible asset will be consumed.

Capitalized software

The Company's capitalized software includes the costs of internally developed software technology and software technology purchased through acquisition. Internally developed software technology consists of development costs associated with software products to be sold ("software products") and internal use software associated with hosted software.

Costs associated with the development of software technology are expensed prior to the establishment of technological feasibility and capitalized thereafter until the related software technology is available for general release to customers. Technological feasibility is established when management has authorized and committed to funding a project and it is probable that the project will be completed, and the software will be used to perform the function intended. For internal use software, capitalization begins during the application development stage. The Company capitalized $0.3 million for internally developed software technology during the year ended March 31, 2021, offset by $0.5 million of derecognized software costs. The Company capitalized $0.9 million, and $1.9 million for internally developed software technology during the years ended March 31, 2020 and 2019, respectively, and is recorded within "Other intangible assets, net" in the consolidated balance sheets.

The amortization of capitalized software technology is computed on a project-by-project basis. The annual amortization is the greater of the amount computed using (a) the ratio of current gross revenues compared with the total of current and anticipated future revenues for the software technology or (b) the straight-line method over the remaining estimated economic life of the software technology, including the period being reported on. Amortization begins when the software technology is available for general release to customers. The amortization period for capitalized software is generally three to five years. Amortization of internally developed capitalized software technology is $1.9 million, $1.7 million, and $6.8 million during the years ended March 31, 2021, 2020 and 2019, respectively, and is recorded within "Cost of subscription" in the consolidated statements of operations.

Impairment of long-lived assets

Long-lived assets, including amortized intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is estimated by the Company using discounted cash flows and other market-related valuation models, including earnings multiples and comparable asset market values. If circumstances change or events occur to indicate that the Company's fair market value has fallen below book value, the Company will compare the estimated fair value of long-lived assets (including goodwill) to its book value. If the book value exceeds the estimated fair value, the Company will recognize the difference as an impairment loss in the consolidated statements of operations. The Company has not incurred any impairment losses during the years ended March 31, 2021, 2020 and 2019.

Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax bases of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. The Company has the ability to permanently reinvest any earnings in its foreign subsidiaries and therefore does not recognize any deferred tax liabilities that arise from outside basis differences in its investment in subsidiaries.

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. These deferred tax assets are subject to periodic assessments as to recoverability and if it is determined that it is more likely than not that the benefits will not be realized, valuation allowances are recorded which would reduce deferred tax assets. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations.

Interest and penalties related to uncertain income tax positions are included in the income tax provision.

Fair value of assets and liabilities

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets;
- Level 2: Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3: Unobservable inputs reflecting the Company's own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The Company's carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities approximate their fair values due to their short maturities.

Share-based compensation

Prior to the IPO, certain employees were granted management incentive units and appreciation units which made a holder eligible to participate in distributions of cash, property, or securities of Compuware Parent LLC made in respect of the Company (whether by way of dividend, repurchase, recapitalization, or otherwise). In the event the employee was no longer employed by the Company, including due to a change in control, as defined, all the MIUs and AUs were subject to a repurchase arrangement, at the discretion of the Company, Compuware Parent LLC, or Thoma Bravo and certain Thoma Bravo affiliated funds that held equity in Compuware Parent LLC (collectively, "TB"). There were no distributions during the years ended March 31, 2020 and 2019. The MIUs and AUs were settled in cash and were accounted for as liability-based awards. Liabilities for awards under these plans were required to be measured at fair value at each reporting date until the date of settlement. The fair value of the equity units underlying the MIUs and AUs was determined by the board of managers as there was no public market for the equity units. The board of managers determined the fair value of the Company's equity units by considering a number of objective and subjective factors including: the valuation of comparable companies, the Company's operating and financial performance, the lack of liquidity of common stock, and general and industry specific economic outlook, amongst other factors. In connection with the reorganization during the second quarter of fiscal 2020, the Company converted all outstanding MIUs and AUs into common stock, restricted stock, or restricted stock units ("RSUs") of Dynatrace, Inc.

After the IPO, the Company uses the publicly quoted price as reported on the New York Stock Exchange as the fair value of its common stock. The Company measures the cost of employee services received in exchange for an award of equity instruments, including stock options, restricted stock, RSUs, and the purchase rights under the employee stock purchase plan (the "ESPP"), based on the estimated grant-date fair value of the award. The fair value is recognized as an expense following the straight-line attribution method over the requisite service period of the entire award for stock options, restricted stock, and RSUs; and over the offering period for the purchase rights issued under the ESPP.

The Company calculates the fair value of stock options and the purchase rights under the ESPP using the Black-Scholes option-pricing model. This requires the input of assumptions, including the fair value of the Company's underlying common stock, the expected term of stock options and purchase rights, the expected volatility of the price of the Company's common stock, risk-free interest rates, and the expected dividend yield of the Company's common stock. The assumptions used in the Company's option-pricing model represent its best estimates. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's share-based compensation expense could be materially different in the future. The resulting fair value, net of actual forfeitures, is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award.

Excess tax benefits from vested restricted stock units and exercised stock options are recognized as an income tax benefit in the income statement and reflected in operating activities in the statement of cash flows. Share-based compensation cost that has been included in income from continuing operations amounted to $57.8 million, $222.5 million, and $71.2 million for the years ended March 31, 2021, 2020 and 2019, respectively. The total income tax benefit recognized in the consolidated statements of operations for share-based compensation arrangements was $21.3 million for the year ended March 31, 2021, $3.9 million for the year ended March 31, 2020, and $4.8 million for the year ended March 31, 2019.

Net income (loss) per share

Basic net income (loss) per share is calculated by dividing the net income (loss) for the period by the weighted-average number of common shares outstanding during the period, without consideration of potentially dilutive securities. Diluted net income (loss) per share includes the dilutive effect of common share equivalents and is calculated using the weighted-average number of common shares and the common share equivalents outstanding during the reporting period. An anti-dilutive impact is an increase in net income per share or a reduction in net loss per share resulting from the conversion, exercise, or contingent issuance of certain securities. For the years ended March 31, 2020 and 2019, basic and diluted net income (loss) per share have been retroactively adjusted to reflect the reorganization transactions described in Note 2.

Immaterial revision of previously issued consolidated financial statements

During the fourth quarter of fiscal 2021, the Company identified an immaterial error in the calculation of its income tax provision for the year ended March 31, 2020. Accordingly, the results for the year ended March 31, 2020 have been adjusted to incorporate the revised amounts, where applicable, as further described in Note 7.

Recently adopted accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The amendments supersede current lease requirements in Topic 840 which require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. This new guidance is effective for public companies for annual reporting periods beginning after December 15, 2018, and interim periods within those periods, except for certain emerging growth companies and smaller reporting companies who may elect to adopt the standard for annual reporting periods beginning after December 15, 2020.

The Company early adopted the new standard as of April 1, 2020 and recognized a cumulative-effect adjustment to the opening balance of accumulated deficit as of the adoption date. The Company elected the optional transition approach to not apply Topic 842 in the comparative periods presented. The Company elected the package of practical expedients to not 1) reassess whether any expired or existing contracts are considered or contain leases; (2) reassess the lease classification for any expired or existing leases; and (3) reassess the initial direct costs for any existing leases. The adoption of Topic 842 resulted in the recognition of total right-of-use assets of $50.6 million, total lease liabilities of $50.7 million, and a cumulative effect adjustment to accumulated deficit of $0.3 million as of the adoption date, with the most significant impact related to the office space leases. Additionally, the Company derecognized $3.3 million in deferred rent upon adoption of this standard which was offset against the right-of-use asset. The adoption of Topic 842 did not have a material impact to the consolidated statements of operations or consolidated statements of cash flows.

The Company has updated the accounting policies, systems, processes and internal controls, and have allocated internal and external resources to assist during the implementation efforts.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. ASU 2016-13 is effective for annual periods, and interim periods within those years, beginning after December 15, 2019, except for emerging growth companies who may elect to adopt the standard for annual reporting periods beginning after December 15, 2022. The Company adopted the new standard on a modified retrospective basis as of April 1, 2020. The adoption did not have a material impact and did not result in any cumulative effect adjustment on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract; Disclosures for Implementation Costs Incurred for Internal-Use Software and Cloud Computing Arrangements, which aligns the accounting for implementation costs incurred in a hosting arrangement that is a service contract with the accounting for implementation costs incurred to develop or obtain internal-use software under ASC 350-40, in order to determine which costs to capitalize and recognize as an asset. ASU 2018-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2019, except for emerging growth companies who may elect to adopt the standard for annual reporting periods beginning after December 15, 2020, and can be applied either prospectively to implementation costs incurred after the date of adoption or retrospectively to all arrangements. The Company adopted the new standard on a prospective basis as of April 1, 2020. The adoption did not have a material impact on the consolidated financial statements.

Recently issued accounting pronouncements

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 is effective for annual periods, and interim periods within those years, beginning after December 15, 2020. The Company expects to adopt the standard during the first quarter of fiscal 2022 and does not expect the standard to have a material effect on its consolidated financial statements.

3. Revenue Recognition

Disaggregation of revenue

The following table is a summary of the Company's total revenue by geographic region (in thousands, except percentages):

	Fiscal Year Ended March 31,					
	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
North America	$ 388,188	55 %	$ 318,299	58 %	$ 248,012	57 %
Europe, Middle East and Africa	216,647	31 %	150,418	28 %	125,615	29 %
Asia Pacific	78,295	11 %	60,418	11 %	45,563	11 %
Latin America	20,379	3 %	16,668	3 %	11,776	3 %
Total revenue	$ 703,509		$ 545,803		$ 430,966	

For the years ended March 31, 2021, 2020 and 2019, the United States was the only country that represented more than 10% of the Company's revenues in any period, constituting $362.1 million and 51%, $299.5 million and 55% and $233.3 million and 54% of total revenue, respectively.

Deferred commissions

The following table represents a rollforward of the Company's deferred commissions (in thousands):

	Fiscal Year Ended March 31,		
	2021	2020	2019
Beginning balance	$ 78,245	$ 59,250	$ 39,282
Additions to deferred commissions	63,627	54,969	43,212
Amortization of deferred commissions	(44,248)	(35,974)	(23,244)
Ending Balance	$ 97,624	$ 78,245	$ 59,250
Deferred commissions, current	48,986	38,509	27,705
Deferred commissions, non-current	48,638	39,736	31,545
Total deferred commissions	$ 97,624	$ 78,245	$ 59,250

Deferred revenue

Revenue recognized during the years ended March 31, 2021, 2020, and 2019 which was included in the deferred revenue balances at the beginning of each respective period, was $504.7 million, $274.7 million, and $211.4 million.

Remaining performance obligations

As of March 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was $1,190.1 million, which consists of both billed consideration in the amount of $556.8 million and unbilled consideration in the amount of $633.3 million that the Company expects to recognize as subscription and service revenue. The Company expects to recognize 57% of this amount as revenue in the year ended March 31, 2022 and the remainder thereafter.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consists of the following (in thousands):

	March 31,	
	2021	2020
Prepaid expenses	$ 20,308	$ 13,189
Income taxes refundable	41,875	65,341
Other	2,072	510
Prepaid expenses and other current assets	$ 64,255	$ 79,040

5. Property and Equipment, Net

The following table summarizes, by major classification, the components of property and equipment (in thousands):

	March 31,	
	2021	2020
Computer equipment and software	$ 23,134	$ 19,550
Furniture and fixtures	9,804	7,679
Leasehold improvements	27,961	21,562
Other	864	3,111
Total property and equipment	61,763	51,902
Less: accumulated depreciation and amortization	(24,847)	(20,394)
Property and equipment, net	$ 36,916	$ 31,508

Depreciation and amortization of property and equipment totaled $9.0 million, $7.9 million, and $7.3 million for the years ended March 31, 2021, 2020, and 2019, respectively.

6. Goodwill and Other Intangible Assets, Net

Changes in the carrying amount of goodwill on a consolidated basis for fiscal 2021 consists of the following (in thousands):

	March 31, 2021
Balance, beginning of year	$ 1,270,733
Foreign currency impact	462
Balance, end of year	$ 1,271,195

Other intangible assets, net excluding goodwill consists of the following (in thousands):

	Weighted Average Useful Life (in months)	March 31, 2021	March 31, 2020
Capitalized software	107	$ 189,398	$ 189,554
Customer relationships	120	351,555	351,555
Trademarks and tradenames	120	55,003	55,003
Total intangible assets		595,956	596,112
Less: accumulated amortization		(446,472)	(394,520)
Total other intangible assets, net		$ 149,484	$ 201,592

Amortization of other intangible assets totaled $51.9 million, $58.5 million, and $72.8 million for the years ended March 31, 2021, 2020, and 2019, respectively.

As of March 31, 2021, the estimated future amortization expense of the Company's other intangible assets in the table above is as follows (in thousands):

	Fiscal Year Ended March 31,			
	2022	2023	2024	2025
Capitalized software	$ 15,876	$ 15,522	$ 15,221	$ 10,632
Customer relationships	24,660	20,794	17,534	10,473
Trademarks and tradenames	5,501	5,501	4,753	3,017
Total amortization	$ 46,037	$ 41,817	$ 37,508	$ 24,122

7. Income Taxes

Income tax provision

Income (loss) before income taxes and the income tax (expense) benefit includes the following (in thousands):

	Fiscal Year Ended March 31,		
	2021	2020	2019
Domestic	$ 37,368	$ (245,177)	$ (163,385)
Foreign	40,485	26,644	23,474
Total	$ 77,853	$ (218,533)	$ (139,911)

The income tax provision includes the following (in thousands):

	Fiscal Year Ended March 31,		
	2021	2020	2019
Income tax expense (benefit)			
Federal	$ (3,835)	$ 180,402	$ 3,213
State	(2,071)	48,045	575
Foreign	15,110	13,058	5,920
Total current tax position	9,204	241,505	9,708
Federal	(3,027)	(37,731)	(29,021)
State	(615)	(5,689)	(5,464)
Foreign	(3,423)	(2,801)	1,060
Total deferred tax provision	(7,065)	(46,221)	(33,425)
Total income tax expense (benefit)	$ 2,139	$ 195,284	$ (23,717)

The Company's income tax expense of $2.1 million for the year ended March 31, 2021 differed from the amount computed on pre-tax income at the U.S. federal income tax rate of 21%, primarily due to the impact of tax return to provision true-ups resulting from changes in estimates to the reorganization transaction tax and the corresponding impact to the uncertain tax positions. In addition, the difference was due to the vesting of share-based compensation that generated excess tax benefits, the foreign-derived intangible income deduction, and the utilization of U.S. foreign tax credits generated in the current year as well as the carryforward from previous years.

The Company's income tax expense of $195.3 million for the year ended March 31, 2020 differed from the amount computed on pre-tax loss at the U.S. federal income tax rate of 21% because of the effects of the reorganization transaction, non-deductible share-based compensation, and the foreign-derived intangible income deduction. The transaction produced a gain on the difference between the fair market value of the Compuware assets distributed and the adjusted tax basis in such assets, generating a tax liability that was only partially offset by U.S. foreign tax credits that previously were subject to a valuation allowance.

The Company's income tax benefit of $23.7 million for the year ended March 31, 2019 differed from the amount computed on pre-tax loss at the U.S. federal income tax rate of 21% primarily because of non-deductible share-based compensation, the effects of which were partially offset by U.S. tax credits generated during this year as well as the foreign-derived intangible income deduction.

The tax rate reconciliation is as follows (in thousands, certain prior year amounts have been reclassified to conform to the current year's presentation):

	Fiscal Year Ended March 31,		
	2021	2020	2019
Income tax expense (benefit) at U.S. federal statutory income tax rate	$ 16,349	$ (45,892)	$ (29,381)
State and local tax expense	(580)	(2,897)	(4,890)
Foreign tax rate differential	1,939	3,521	2,051
Branch income	4,830	1,601	1,824
Non-deductible expenses	3,459	5,976	840
Tax credits	(9,316)	(57,277)	(13,233)
Foreign derived intangibles deduction	(4,775)	(3,901)	(1,790)
Tax associated with reorganization	—	239,990	—
Share-based compensation	(6,424)	48,129	10,967
Prior year tax return to provision true-ups	(11,464)	—	—
Changes in uncertain tax positions	(1,102)	13,204	234
Changes in valuation allowance	2,091	(9,472)	6,087
Foreign withholding tax	6,992	4,231	3,086
Other adjustments	140	(1,929)	488
Total income tax expense (benefit)	$ 2,139	$ 195,284	$ (23,717)

Deferred tax assets and liabilities

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the jurisdictional cumulative loss incurred over the three-year period ended March 31, 2021. Such objective evidence limits the ability to consider other subjective evidence such as the Company's projections for future growth.

Based on this evaluation, a valuation allowance of $24.3 million and $22.2 million has been recorded as of March 31, 2021 and 2020, respectively. Only the portion of the deferred tax asset that is more likely than not to be realized has been recorded. Given the Company's current earnings and anticipated future earnings, it is reasonably possible that within the next twelve months sufficient positive evidence may become available to allow the Company to conclude that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain deferred tax assets. However, the exact timing and amount of the valuation allowance release are subject to change based on the Company's growth and profitability.

Temporary differences and carryforwards that give rise to a significant portion of deferred tax assets and liabilities are as follows (in thousands, certain prior year amounts have been reclassified to conform to the current year's presentation):

	March 31,	
	2021	2020
Deferred revenue	$ 17,050	$ 23,185
Capitalized research and development costs	10,834	11,140
Accrued expenses	8,882	6,217
Share-based compensation	8,367	5,251
Lease liabilities	8,321	—
Net operating loss carryforwards	4,637	4,468
Other tax carryforwards, primarily foreign tax credits	20,479	18,215
Other	2,272	2,590
Total deferred tax assets before valuation allowance	80,842	71,066
Less: valuation allowance	(24,297)	(22,206)
Net deferred tax assets	56,545	48,860
Intangible assets	30,525	40,270
Right-of-use assets	7,388	—
Other	2,835	1,185
Total deferred tax liabilities	40,748	41,455
Net deferred tax assets	$ 15,797	$ 7,405

At March 31, 2021, the Company had non-U.S. net operating loss carryforwards of $22.8 million of which $1.8 million expires in periods through 2033 if not utilized, and the remaining balance of $21.0 million may be carried forward indefinitely. The Company had U.S. net operating loss carryforwards and tax credit carryforwards of $21.5 million which expire in periods through 2040 if not utilized.

The Company has not provided for taxes on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that is indefinitely reinvested. Generally, these earnings will be treated as previously taxed income from either the one-time transition tax or GILTI ("Global Intangible Low Taxed Income"), or they will be offset with a 100% dividend received deduction. The income taxes applicable to repatriating such earnings are not readily determinable. As of March 31, 2021, the Company had no plans which would subject these basis differences to income taxes in the United States or elsewhere.

Uncertain tax positions

The amount of gross unrecognized tax benefits was $15.1 million and $16.6 million as of March 31, 2021 and 2020, respectively, all of which would favorably affect the Company's effective tax rate if recognized in future periods.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits for the years ended March 31, 2021, 2020, and 2019 (in thousands):

	Fiscal Year Ended March 31,		
	2021	2020	2019
Gross unrecognized tax benefit, beginning of year	$ 16,648	$ 9,653	$ 9,143
Gross increases to tax positions for prior periods	1,223	438	20
Gross decreases to tax positions for prior periods	(2,654)	(6,986)	(70)
Gross increases to tax positions for current period	—	13,543	560
Settlements	(10)	—	—
Lapse of statutes of limitations	(132)	—	—
Gross unrecognized tax benefit, end of year	$ 15,075	$ 16,648	$ 9,653

As of March 31, 2021 and 2020, the net interest and penalties payable associated with its uncertain tax positions was $0.9 million and $0.3 million, respectively. During the years ended March 31, 2021 and 2020, the Company recognized expense related to interest and penalties of $0.6 million and $0.2 million, respectively. During the year ended March 31, 2019, the Company recognized an immaterial amount of net interest expense.

The Company files tax returns in the U.S. federal, state, and foreign jurisdictions and the tax returns are subject to examination by various domestic and international tax authorities. As of March 31, 2021, the Internal Revenue Services has completed the examinations of the Company's fiscal 2018 federal income tax return. The settlement from this examination was not material to the Company's financial statements, including cash flow and effective tax rate. The Company has open years in all significant federal, state, and foreign jurisdictions back to 2011 in certain locations. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations due to the amount, timing or inclusion of revenue and expenses. The Company does not anticipate a significant impact to the gross unrecognized tax benefits within the next twelve months related to these open years.

Tax legislation

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The Company is required to recognize the effects of tax law changes in the period of enactment. The CARES Act did not materially impact the Company's tax provision as of March 31, 2021 and 2020.

Immaterial revision of previously issued consolidated financial statements

During the fourth quarter of fiscal 2021, in conjunction with the Company's completion of the tax return to provision process, the Company identified an immaterial error in the calculation of its income tax provision for the year ended March 31, 2020. The error was primarily related to adjustments to tax attributes related to the reorganization and stock-based compensation.

The Company evaluated the materiality of the error, considering both quantitative and qualitative factors, and determined that the related impact was not material to its consolidated financial statements for the year ended March 31, 2020, the three months ended June 30, 2020, the three and six months ended September 30, 2020, and the three and nine months ended December 31, 2020.

The Company has decided to correct the prior year presentation to provide comparability to the fiscal 2021 consolidated financial statements. Accordingly, the results for the year ended March 31, 2020 have been adjusted to incorporate the revised amounts, where applicable. The adjustments below related to the consolidated balance sheet as of March 31, 2020 are also required for June 30, 2020, September 30, 2020, and December 31, 2020.

The following tables summarize the effect of this revision (in thousands, except per share data):

	March 31, 2020		
	As Previously Reported	Adjustment	As Revised
Consolidated Balance Sheets Items:			
Prepaid expenses and other current assets	$ 61,188	$ 17,852	$ 79,040
Total current assets	469,925	17,852	487,777
Deferred tax assets, net	20,460	(13,055)	7,405
Total assets	2,042,080	4,797	2,046,877
Accrued expenses, current	93,728	1,283	95,011
Total current liabilities	488,900	1,283	490,183
Accrued expenses, non-current	20,987	(693)	20,294
Total liabilities	1,080,583	590	1,081,173
Accumulated deficit	(594,026)	4,207	(589,819)
Total shareholders' equity	961,497	4,207	965,704
Total liabilities and shareholders' equity	$ 2,042,080	$ 4,797	$ 2,046,877

	Fiscal Year Ended March 31, 2020		
	As Previously Reported	Adjustment	As Revised
Consolidated Statements of Operations Items:			
Income tax expense	$ (199,491)	$ 4,207	$ (195,284)
Net loss	(418,024)	4,207	(413,817)
Net loss per share:			
Basic and diluted	$ (1.58)	$ 0.02	$ (1.56)

	Fiscal Year Ended March 31, 2020		
	As Previously Reported	Adjustment	As Revised
Consolidated Statements of Comprehensive Income (Loss) Items:			
Net loss	$ (418,024)	$ 4,207	$ (413,817)
Comprehensive loss	$ (406,419)	$ 4,207	$ (402,212)

	March 31, 2020		
	As Previously Reported	Adjustment	As Revised
Consolidated Statements of Shareholders' Equity / Member's Deficit Items:			
Net loss	$ (418,024)	$ 4,207	$ (413,817)
Total shareholders' equity, balance at March 31, 2020	$ 961,497	$ 4,207	$ 965,704

	Fiscal Year Ended March 31, 2020		
	As Previously Reported	Adjustment	As Revised
Consolidated Statements of Cash Flow Items:			
Net loss	$ (418,024)	$ 4,207	$ (413,817)
Deferred income taxes	(59,276)	13,055	(46,221)
Prepaid expenses and other assets	(39,737)	(17,851)	(57,588)
Accounts payable and accrued expenses	52,415	589	53,004
Net cash used in operating activities	$ (142,455)	$ —	$ (142,455)

The following table represents revisions to the Company's current and deferred tax expense (in thousands):

	Fiscal Year Ended March 31, 2020		
	As Previously Reported	Adjustment	As Revised
Income tax provision:			
Income tax expense			
Federal	$ 198,307	$ (17,905)	$ 180,402
State	47,992	53	48,045
Foreign	12,468	590	13,058
Total current tax position	258,767	(17,262)	241,505
Federal	(50,086)	12,355	(37,731)
State	(5,839)	150	(5,689)
Foreign	(3,351)	550	(2,801)
Total deferred tax provision	(59,276)	13,055	(46,221)
Total income tax expense	$ 199,491	$ (4,207)	$ 195,284

The following table represents revisions to the Company's deferred tax balances, which were largely offset by revisions to the income taxes refundable on the consolidated balance sheet (in thousands):

	March 31, 2020		
	As Previously Reported	Adjustment	As Revised
Temporary differences and carryforwards:			
Deferred revenue	$ 27,681	$ (4,496)	$ 23,185
Capitalized research and development costs	11,140	—	11,140
Accrued expenses	6,625	(408)	6,217
Share-based compensation	16,660	(11,409)	5,251
Fixed assets	279	(279)	—
Net operating loss carryforwards	4,046	422	4,468
Other tax carryforwards, primarily foreign tax credits	14,603	3,612	18,215
Other	2,823	(233)	2,590
Total deferred tax assets before valuation allowance	83,857	(12,791)	71,066
Less: valuation allowance	(21,996)	(210)	(22,206)
Net deferred tax assets	61,861	(13,001)	48,860
Intangible assets	40,270	—	40,270
State taxes	251	(251)	—
Other	880	305	1,185
Total deferred tax liabilities	41,401	54	41,455
Net deferred tax assets	$ 20,460	$ (13,055)	$ 7,405

The Company has also made corresponding changes to Notes 4 and 8.

8. Accrued Expenses

Accrued expenses, current consists of the following (in thousands):

	March 31,	
	2021	2020
Accrued employee - related expenses	$ 63,890	$ 40,687
Accrued tax liabilities	23,001	13,350
Accrued restructuring	—	1,065
Accrued professional fees	3,275	2,103
Income taxes payable	9,117	22,040
Other	20,244	15,766
Total accrued expenses, current	$ 119,527	$ 95,011

9. Long-term Debt

Long-term debt consists of the following (in thousands, except percentages):

	March 31, 2021		March 31, 2020	
	Amount	Effective Rate	Amount	Effective Rate
First Lien Term Loan	$ 401,125	2.4 %	$ 521,125	3.2 %
Revolving credit facility	—		—	
Total principal	401,125		521,125	
Unamortized discount and debt issuance costs	(9,212)		(11,140)	
Total debt	391,913		509,985	
Less: Current portion of long-term debt	—		—	
Long-term debt	$ 391,913		$ 509,985	

First lien credit facilities

The Company's First Lien Credit Agreement, as amended, provides for a term loan facility, or the First Lien Term Loan, in an aggregate principal amount of $950.0 million and a senior secured revolving credit facility, or the Revolving facility, in an aggregate amount of $60.0 million. The Revolving Facility includes a $25.0 million letter of credit sub-facility. The First Lien Term Loan and Revolving Facility mature on August 23, 2025 and August 23, 2023, respectively. As of March 31, 2021 and 2020, there were $15.6 million and $15.3 million of letters of credit issued, respectively. The Company had $44.4 million and $44.7 million of availability under the Revolving Facility as of March 31, 2021 and 2020, respectively.

Debt issuance costs and original issuance discount were incurred in connection with the First Lien Credit Agreement. These debt issuance costs and original issuance discount are included as a reduction of the debt balance in the consolidated balance sheets and will be amortized into interest expense over the contractual term of the loans. The Company recognized $1.9 million, $1.7 million, and $1.0 million of amortization of debt issuance costs and original issuance discount for the years ended March 31, 2021, 2020 and 2019, respectively, which is included in the accompanying consolidated statements of operations.

Borrowings under the First Lien Term Loan and Revolving Facility currently bear interest, at the Company's election, at either (i) the Alternative Base Rate, as defined per the credit agreement, plus 1.25% per annum, or (ii) LIBOR plus 2.25% per annum. Interest payments are due quarterly, or more frequently, based on the terms of the credit agreement. The Company has satisfied all required principal payments under the First Lien Term Loan and the remainder is due at maturity.

The Company incurs fees with respect to the Revolving Facility, including (i) a commitment fee of 0.25% per annum of unused commitments under the Revolving Facility, (ii) facility fees equal to the applicable margin in effect for Eurodollar Rate Loans, as defined per the credit agreement, times the average daily stated amount of letters of credit, (iii) a fronting fee equal to either (a) 0.125% per annum on the stated amount of each letter of credit or (b) such other rate per annum as agreed to by the parties subject to the letters of credit, and (iv) customary administrative fees.

The First Lien Term Loan requires prepayments in the case of certain events including: property or asset sale in excess of $5.0 million, proceeds in excess of $5.0 million from an insurance settlement, or proceeds from a new debt agreement. An additional prepayment may be required under the First Lien Term Loan related to excess cash flow for the respective measurement periods.

All of the indebtedness under the First Lien Credit Agreement is and will be guaranteed by the Company's existing and future material domestic subsidiaries and is and will be secured by substantially all of the assets of the Company and such guarantors. The First Lien Credit Agreement contains customary negative covenants. At March 31, 2021, the Company was in compliance with all applicable covenants.

Second lien credit facility

On August 23, 2018, the Company entered into the Second Lien Credit Agreement (the "Second Lien Term Loan") in which the Company borrowed an aggregate principal amount of $170.0 million. Borrowings under the Second Lien Term Loan bore interest, at the Company's election, at either (i) the Alternative Base Rate, as defined per the credit agreement, plus 6.00% per annum, or (ii) LIBOR plus 7.00% per annum. The maturity date on the Second Lien Term Loan was August 23, 2026, with principal payment due in full on the maturity date. Interest payments were due quarterly, or more frequently, based on the terms of the credit agreement. The Company recognized $0.1 million and $0.2 million of amortization of debt issuance costs and original issuance discount for the years ended March 31, 2020 and 2019, respectively, which is included in the accompanying consolidated statements of operations. During the second quarter of fiscal 2020, the Company repaid all outstanding borrowings, including accrued interest, under the Second Lien Term Loan and the remaining unamortized debt issuance costs and original issuance discount, aggregating to $2.7 million, was recognized as a loss on debt extinguishment within "Interest expense, net" in the consolidated statements of operations during the year ended March 31, 2020.

Debt maturities

The maturities of outstanding debt are as follows (in thousands):

Fiscal year		Amount
2022	$	—
2023		—
2024		—
2025		—
2026		401,125
Thereafter		—
Total future payments	$	401,125

10. Leases

The Company leases office space under non-cancelable operating leases which expire at various dates from fiscal 2022 to 2032. As of March 31, 2021, the weighted average remaining lease term was 5.5 years and the weighted average discount rate was 7.6%. The Company does not have any finance leases as of March 31, 2021.

The Company also has subleases of former offices which expire at various dates from fiscal 2022 to fiscal 2025. Sublease income from operating leases, which is recorded as a reduction of rental expense, was $3.9 million, $4.5 million and $4.3 million for the years ended March 31, 2021, 2020 and 2019, respectively.

The following table presents information about leases on the consolidated statements of operations (in thousands):

		Fiscal Year Ended March 31, 2021
Operating lease expense [(1)]	$	10,436
Short-term lease expense	$	752
Variable lease expense	$	674

[(1)] Presented gross of sublease income.

The following table presents supplemental cash flow information about the Company's leases (in thousands):

	Fiscal Year Ended March 31, 2021
Cash paid for amounts included in the measurement of lease liabilities	$ 13,478
Operating lease assets obtained in exchange for new operating lease liabilities [1]	$ 5,260

[1] Includes the impact of new leases as well as remeasurements and modifications of existing leases.

As of March 31, 2021, remaining maturities of lease liabilities were as follows (in thousands):

Fiscal Years Ending March 31,	Amount
2022	$ 12,290
2023	11,871
2024	10,886
2025	7,620
2026	5,017
Thereafter	10,206
Total operating lease payments [1]	57,890
Less: imputed interest	(10,196)
Total operating lease liabilities	$ 47,694

[1] Presented gross of sublease income.

As of March 31, 2021, the Company had commitments of $1.2 million for operating leases that have not yet commenced, and therefore are not included in the right-of-use assets or operating lease liabilities. These operating leases are expected to commence during the fiscal year ended March 31, 2022, with lease terms ranging from 1 to 10 years.

Under previous lease accounting standard ASC 840, the aggregate future non-cancelable minimum rental payments on its operating leases, as of March 31, 2020, were as follows (in thousands):

Fiscal Years Ending March 31,	Amount
2021	$ 14,210
2022	11,663
2023	11,235
2024	10,864
2025	8,020
Thereafter	16,331
Total future contractual payments [1]	$ 72,323

[1] Presented gross of sublease income.

Under ASC 840, total rent expense under operating leases during the years ended March 31, 2020 and 2019 were $14.0 million and $11.3 million, respectively.

11. Restructuring Activities

The Company has undertaken various restructuring activities to achieve its strategic and financial objectives. Restructuring activities include, but are not limited to product offering cancellation and termination of related employees, office relocation, administrative cost structure realignment and consolidation of resources. The Company expects to finance restructuring programs through cash on hand and cash generated from operations. Restructuring costs are estimated based on information available at the time such charges are recorded. In general, management anticipates that restructuring activities will be completed within a time frame such that significant changes to the plan are not likely. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially estimated. The Company recorded no restructuring expenses during the year ended March 31, 2021. The Company recorded restructuring expenses of $0.9 million and $1.7 million during the years ended March 31, 2020 and 2019, respectively, within "Restructuring and other" on the consolidated statements of operations.

Transformation activities

During the year ended March 31, 2020, the Company announced a restructuring program designed to better align employee resources with its product offerings and future plans. Accordingly, the Company calculated and recorded a liability of the estimated termination benefits of $0.9 million.

Restructuring reserves

A restructuring reserve balance of $1.1 million as of March 31, 2020 is classified as "Accrued expenses, current" on the consolidated balance sheets. The activities associated with the restructuring reserve as of March 31, 2020 were complete by the end of fiscal 2021 and there was not a restructuring reserve as of March 31, 2021.

12. Commitments and Contingencies

Legal matters

From time to time, the Company may be a party to lawsuits and legal proceedings arising in the ordinary course of business. In the opinion of the Company's management, these matters, individually and in the aggregate, will not have a material adverse effect on the financial condition and results of the future operations of the Company.

13. Share-based Compensation

Management Incentive Unit Plan

Under the Management Incentive Unit Plan (the "MIU Plan"), Compuware Parent LLC's board of managers had authorized the issuance of MIUs and AUs to certain executive officers and key employees. The MIUs and AUs consisted of two types of units which were classified as performance-vested units and time-vested units.

In connection with the reorganization transactions described in Note 2, outstanding awards granted under the MIU Plan were converted into shares of common stock, restricted stock, and restricted stock units which were granted under the 2019 Plan (as defined below). Upon conversion, the MIUs and AUs were modified and ceased to be classified as liability awards. This modification impacted 306 participants and resulted in the recognition of incremental share-based compensation expense of $145.3 million to record the liability awards at fair value immediately prior to the modification during the year ended March 31, 2020. Upon modification, the liability balance of $278.2 million related to these MIUs and AUs was reclassified into additional paid-in capital.

The fair value of the equity units underlying the MIUs and AUs had historically been determined by the board of directors as there was no public market for the equity units. The board of directors determined the fair value of the Company's equity units by considering a number of objective and subjective factors including: the valuation of comparable companies, the Company's operating and financial performance, the lack of liquidity of common stock, and general and industry specific economic outlook, amongst other factors.

The participation threshold was determined by the board of directors, based on the fair market value on the grant issuance date upon vesting or settlement, the value associated with the MIUs and AUs was the difference between the fair value of the unit and the associated participation threshold. Prior to the modification, the awards were marked to market at the balance sheet date. Upon modification, the awards were marked to market immediately prior to the modification. The weighted average grant date fair value of units granted during the years ended March 31, 2020 and 2019 was $7.71 and $3.62, respectively. The total fair value of vested units during the years ended March 31, 2020 and 2019 was $278.2 million and $92.0 million, respectively.

The following key assumptions were used to determine the fair value of the MIUs and AUs for fiscal 2020 and 2019:

	March 31,	
	2020	2019
Expected dividend yield	—	—
Expected volatility	35% - 55%	50% - 60%
Expected term (years)	0.5 - 1.25	1.0 - 1.5
Risk-free interest rate	1.86% - 2.09%	2.33% - 2.40%

Amended and Restated 2019 Equity Incentive Plan

In July 2019, the Company's board of directors (the "Board"), upon the recommendation of the compensation committee of the board of directors, adopted the 2019 Equity Incentive Plan, as amended and restated, or the 2019 Plan, which was subsequently approved by the Company's shareholders. In January 2021, the Board amended and restated the 2019 Plan to permit tolling vesting during leaves of absence for certain employees.

The Company initially reserved 52,000,000 shares of common stock, or the Initial Limit, for the issuance of awards under the 2019 Plan. The 2019 Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each April 1, beginning on April 1, 2020, by 4% of the outstanding number of shares of the Company's common stock on the immediately preceding March 31 or such lesser number determined by the compensation committee. This number is subject to adjustment in the event of a stock split, stock dividend or other change in the Company's capitalization. As of March 31, 2021, 29,898,274 shares of common stock were available for future issuance under the 2019 Plan.

The awards granted under the 2019 Plan have varying terms but generally vest over a four-year period upon satisfaction of a service-based vesting condition. From time to time, the Company also grants performance-based shares to certain key employees. The performance criteria for the performance-based shares include four performance targets which vest 25% after each fiscal year end, upon the board of director's confirmation that the performance target was met for such fiscal year. These shares have a requisite service period that varies based on the grant date, but the service period begins on the grant date and ends on achievement of the final fiscal year performance target. The performance criterion for vesting of performance shares has been based on certain company financial performance targets established and approved by the Company's board of directors for each fiscal year. Shares that are vested based upon performance for any given year for which the target was not met shall not vest; provided, that if the target is not met for a given year, but the target for the subsequent year is met, the unvested performance-based shares for the previous year shall become vested when the target for the subsequent year was met.

Stock options

The following table summarizes activity for stock options during the period ended March 31, 2021:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)	(per share)	(years)	(in thousands)
Balance, March 31, 2020	7,147	$ 16.26	9.3	$ 54,423
Granted	2,396	34.26		
Exercised	(800)	16.32		
Forfeited	(350)	18.29		
Balance, March 31, 2021	8,393	$ 21.31	8.6	$ 226,438
Options vested and expected to vest at March 31, 2021	8,393	$ 21.31	8.6	$ 226,438
Options vested and exercisable at March 31, 2021	1,783	$ 16.16	8.3	$ 57,193

As of March 31, 2021, the total unrecognized compensation expense related to non-vested stock options is $50.8 million and is expected to be recognized over a weighted average period of 2.7 years. The Company recognized $16.8 million and $7.2 million of share-based compensation expense related to stock options for the years ended March 31, 2021 and 2020, respectively.

The fair value for the Company's stock options granted during the years ended March 31, 2021 and 2020 were estimated at the date of grant using a Black-Scholes option-pricing model using the following assumptions:

	March 31,	
	2021	2020
Expected dividend yield	—	—
Expected volatility	39.3% - 39.8%	37.1% - 38.9%
Expected term (years)	6.1	6.1
Risk-free interest rate	0.4% - 1.1%	0.8% - 1.9%

The weighted average grant-date fair value of options granted during 2021 and 2020 were $13.08 and $6.43, respectively.

The Company has not paid and does not expect to pay dividends. Consequently, the Company uses an expected dividend yield of zero. The computation of expected volatility is based on a calculation using the historical volatility of a group of publicly traded peer companies. The Company expects to continue to do so until such time as it has adequate historical data regarding the volatility of the Company's traded stock price. The computation of expected term was based on the average period the stock options are expected to remain outstanding, generally calculated as the midpoint of the stock options' remaining vesting term and contractual expiration period, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected life of the award.

Restricted shares and units

During the year ended March 31, 2021, the Company granted an aggregate of 1,358,169 restricted stock units to certain key employees and non-employee directors. The total grants consisted of: (i) 1,323,169 time-based restricted stock units that vest 25% one year after the grant date and the remaining 75% vest ratably on a quarterly basis over 3 years and (ii) 35,000 time-based restricted stock units that vest on August 15, 2021 or at the annual shareholder meeting, if earlier.

The restricted shares are generally subject to forfeiture if employment terminates prior to the vesting date. The Company expenses the cost of the restricted shares, which is determined to be the fair market value of the shares of common stock underlying the restricted shares on the date of grant, ratably over the period during which the vesting restrictions lapse.

The following table provides a summary of the changes in the number of restricted shares for the year ended March 31, 2021:

	Number of Shares of Restricted Stock Awards	Weighted Average Grant Date Fair Value	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
	(in thousands)	(per share)	(in thousands)	(per share)
Balance, March 31, 2020	1,984	$ 16.00	3,123	$ 16.39
Granted	—	—	1,358	34.69
Vested	(1,146)	16.00	(1,256)	16.26
Forfeited	(110)	16.00	(184)	19.46
Balance, March 31, 2021	728	$ 16.00	3,041	$ 24.44

As of March 31, 2021, the total unrecognized compensation expense related to unvested restricted stock is $8.8 million and is expected to be recognized over a weighted average period of 1.3 years. As of March 31, 2021, the total unrecognized compensation expense related to unvested restricted stock units is $62.9 million and is expected to be recognized over a weighted average period of 2.6 years. The Company recognized $37.3 million and $27.9 million of share-based compensation expense related to restricted shares and units for the years ended March 31, 2021 and 2020, respectively.

Employee Stock Purchase Plan

In July 2019, the board of directors adopted, and the Company's shareholders approved, the 2019 Employee Stock Purchase Plan. The Company expects to offer, sell and issue shares of common stock under this ESPP from time to time based on various factors and conditions, although the Company is under no obligation to sell any shares under this ESPP. The ESPP provides for six-month offering periods beginning May 15 and November 15 of each year, and each offering period will consist of six-month purchase periods. On each purchase date, eligible employees will purchase shares of the Company's common stock at a price per share equal to 85% of the lesser of (1) the fair market value of the Company's common stock on the offering date or (2) the fair market value of the Company's common stock on the purchase date. For the year ended March 31, 2021, 330,738 shares of common stock were purchased under the ESPP. As of March 31, 2021, 8,727,792 shares of common stock were available for future issuance under the ESPP.

As of March 31, 2021, there was approximately $0.7 million of unrecognized share-based compensation related to the ESPP that is expected to be recognized over the remaining term of the current offering period. The Company recognized $3.7 million and $0.8 million of share-based compensation expense related to the ESPP for the years ended March 31, 2021 and 2020, respectively.

The Company estimated the fair value of the ESPP purchase rights using a Black-Scholes option pricing model with the following assumptions:

	March 31,	
	2021	2020
Expected dividend yield	—	—
Expected volatility	35.9% - 55.5%	35.9 %
Expected term (years)	0.5	0.5
Risk-free interest rate	0.1% - 1.6%	1.6 %

The Company has not paid and does not expect to pay dividends. Consequently, the Company uses an expected dividend yield of zero. The computation of expected volatility is based on a calculation using the historical volatility of a group of publicly traded peer companies. The Company expects to continue to do so until such time as it has adequate historical data regarding the volatility of the Company's traded stock price. The computation of expected term was based on the offering period, which is six months. The risk-free interest rate is based on the U.S. Treasury yield curve that corresponds with the expected term at the time of grant.

Share-based compensation

The following table summarizes the components of total share-based compensation expense included in the consolidated financial statements for each period presented (in thousands):

	Fiscal Year Ended March 31,		
	2021	2020	2019
Cost of revenue	$ 7,307	$ 18,685	$ 5,777
Research and development	11,684	38,670	12,566
Sales and marketing	24,153	84,698	24,673
General and administrative	14,640	80,425	28,135
Total share-based compensation expense	$ 57,784	$ 222,478	$ 71,151

14. Net Income (Loss) Per Share

On August 1, 2019, the Company completed its IPO in which the Company issued and sold 38,873,174 shares of common stock at a price to the public of $16.00 per share. These shares are included in the common stock outstanding as of that date.

For the years ended March 31, 2020 and 2019, basic and diluted net income (loss) per share has been retrospectively adjusted to reflect the conversion of equity in connection with the reorganization transactions described in Note 2. Basic and diluted net income (loss) per share was derived from a unit conversion factor of $16.00 per share as determined by the board of managers of Dynatrace Holdings LLC on July 30, 2019.

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

	Fiscal Year Ended March 31,		
	2021	**2020**	**2019**
Numerator:			
Net income (loss)	$ 75,714	$ (413,817)	$ (116,194)
Denominator:			
Weighted average shares outstanding, basic	280,469	264,933	235,939
Dilutive effect of stock-based awards	6,040	—	—
Weighted average shares outstanding, diluted	286,509	264,933	235,939
Net income (loss) per share, basic	$ 0.27	$ (1.56)	$ (0.49)
Net income (loss) per share, diluted	$ 0.26	$ (1.56)	$ (0.49)

The effect of certain common share equivalents were excluded from the computation of weighted average diluted shares outstanding for the years ended March 31, 2021, 2020, and 2019 as inclusion would have resulted in anti-dilution. A summary of these weighted-average anti-dilutive common share equivalents is provided in the table below (in thousands):

	Fiscal Year Ended March 31,		
	2021	**2020**	**2019**
Stock options	1,901	4,763	—
Unvested restricted stock and RSUs	11	3,819	—
Shares committed under ESPP	—	64	—
Unvested equity awards	—	—	6,399

15. Related Party Transactions

The Company had agreements with Thoma Bravo, LLC for financial and management advisory services that terminated on August 1, 2019. During the years ended March 31, 2021, 2020, and 2019, the Company incurred zero, $1.6 million, and $4.9 million, respectively, related to these services. The related expense is reflected in “General and administrative” expense in the consolidated statements of operations.

During the year ended March 31, 2020, Compuware distributed $265.0 million to the Company to fund a tax liability incurred in connection with the reorganization transactions described in Note 2.

During the year ended March 31, 2019, the Company has transfers to related parties of $0.8 million which are included in “Additional paid-in capital” in the consolidated balance sheets.

During the year ended March 31, 2019, the Company transferred cash to related parties of $1,177.0 million related to debt service and shared costs. Other related party settlements resulted in an increase in payables to related parties of $14.3 million for the year ending March 31, 2019.

16. Related Party Debt

On April 1, 2015, the Company entered into $1.8 billion in subordinated demand promissory notes payable to Compuware, a former related party. The promissory notes were established in connection with Compuware's external debt financing. Interest expense on the promissory notes was zero, $4.1 million, and $27.4 million for the years ended March 31, 2021, 2020, and 2019, respectively, and is included in the consolidated statements of operations in "Interest expense, net." In connection with the reorganization during the second quarter of fiscal 2020, the corresponding receivable at Compuware was contributed to the Company and the payable to related party was eliminated.

17. Employee Benefit Plan

The Company has established a 401(k) tax-deferred savings plan (the "401(k) Plan"), which permits participants to make contributions by salary deduction pursuant to Section 401(k) of the Code. The Company is responsible for administrative costs of the 401(k) Plan and may, at its discretion, make matching contributions to the 401(k) Plan. For the years ended March 31, 2021, 2020, and 2019, the Company made contributions of $3.6 million, $3.1 million and $1.9 million to the 401(k) Plan, respectively.

18. Geographic Information

Revenue

Revenues by geography are based on legal jurisdiction. Refer to Note 3, Revenue Recognition, for a disaggregation of revenue by geographic region.

Property and equipment, net

The following tables present property and equipment by geographic region for the periods presented (in thousands):

	March 31,	
	2021	2020
North America	$ 12,129	$ 11,296
Europe, Middle East and Africa	23,124	18,590
Asia Pacific	1,619	1,564
Latin America	44	58
Total property and equipment, net	$ 36,916	$ 31,508

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this Annual Report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, as of March 31, 2021, were effective and provided reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at March 31, 2021, utilizing the criteria discussed in the "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective as of March 31, 2021. Based on management's assessment, we have concluded that our internal control over financial reporting was effective as of March 31, 2021.

The effectiveness of our internal control over financial reporting has been audited by BDO USA LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control Over Financial Reporting

As previously disclosed under the section titled "Controls and Procedures" included under Part II, Item 9A of our Annual Report on Form 10-K for the year ended March 31, 2020, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2020, because of a material weakness in internal control over financial reporting. Specifically, we did not maintain effective controls over accounting for income taxes in connection with the preparation and review of our global tax provision, and particularly in the area of realizability of tax attributes such as foreign tax credits and other domestic deferred tax assets.

During the fiscal year ended March 31, 2021, management implemented our previously disclosed remediation plan that included: (1) hired tax specialists to assist in the preparation of our tax provision as needed, (2) enhanced our documentation and management review of tax balances, (3) implemented changes and improvements in our internal control over financial reporting environment. Based upon the actions taken and our testing and evaluation of the effectiveness of our internal controls, we have concluded the material weakness related to controls over the accounting for income taxes no longer existed as of March 31, 2021.

Except for the changes in connection with our implementation of the remediation plan discussed above, there were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Dynatrace, Inc.
Waltham, Massachusetts

Opinion on Internal Control over Financial Reporting

We have audited Dynatrace, Inc.'s (the "Company's") internal control over financial reporting as of March 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of March 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity/member's deficit, and cash flows for each of the three years in the period ended March 31, 2021, and the related notes (collectively referred to as "the consolidated financial statements") and our report dated May 28, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP

Troy, Michigan

May 28, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior officers. The full text of our code of business conduct and ethics is posted on the Investor Relations section of our website at ir.dynatrace.com. We will disclose any amendments to our code of business conduct and ethics, or waivers of its requirements granted to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, on our website or in filings under the Exchange Act as required by applicable law or the listing standards of the NYSE.

The remaining information called for by this item, including information about our Directors, Executive Officers and Audit Committee, will be set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended March 31, 2021 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this item will be set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended March 31, 2021 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information called for by this item will be set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended March 31, 2021 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information called for by this item will be set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended March 31, 2021 and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information called for by this item will be set forth in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended March 31, 2021 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Listing of Documents

1. Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm

CONSOLIDATED BALANCE SHEETS
CONSOLIDATED STATEMENTS OF OPERATIONS
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY / MEMBER'S DEFICIT
CONSOLIDATED STATEMENTS OF CASH FLOWS

2. Financial Statement Schedules

All other schedules have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

The documents listed in the Exhibit Index of this report are incorporated by reference or are filed with this report, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Limited Liability Company Agreement of Dynatrace LLC, dated as of August 23, 2018 (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
3.2	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
3.3	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
3.4	First Amendment to the Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K filed with the SEC on May 27, 2020).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
4.2	Registration Rights Agreement (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
4.3	Description of the Company's Securities (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K filed with the SEC on May 27, 2020).
10.1#*	2019 Equity Incentive Plan, as amended
10.2#	Forms of award agreements under the 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 30, 2019).
10.3#	2019 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
10.4#	Annual Short-Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
10.5	Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
10.6#	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 25, 2019).
10.7#	Executive Officer Employment Agreement, by and between Registrant and John Van Siclen (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
10.8#	Executive Officer Employment Agreement, by and between Registrant and Kevin Burns (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
10.9#	Executive Officer Employment Agreement, by and between Registrant and Stephen Pace (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).
10.10	Senior Secured First Lien Credit Agreement, by and among Dynatrace LLC, Dynatrace Intermediate LLC, Jefferies Finance LLC and the other Lenders Parties listed thereto, dated as of August 23, 2018 (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1, filed with the SEC on July 5, 2019).
10.11	Senior Secured Second Lien Credit Agreement, by and among Dynatrace LLC, Dynatrace Intermediate LLC, Jefferies Finance LLC and the other Lenders Parties listed thereto, dated as of August 23, 2018 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1, filed with the SEC on July 5, 2019).
10.12	Office Lease, dated July 6, 2017, by and between BP Reservoir Place LLC and Dynatrace LLC, and Declaration Affixing the Commencement Date of the Lease, dated November 15, 2017, by and between BP Reservoir Place LLC and Dynatrace LLC (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1, filed with the SEC on July 5, 2019).
10.13	English Translation of Lease Agreement, dated as of March 28, 2017, by and between Neunteufel GmbH and Dynatrace Austria GmbH (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1, filed with the SEC on July 5, 2019).
10.14	Form of Tax Matters Agreement entered into between Dynatrace Holdings LLC and Compuware Software Group LLC (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 25, 2019).
10.15	Form of Master Structuring Agreement entered into by and among Dynatrace Holdings, LLC, Compuware Software Group, LLC and the other parties named therein (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 25, 2019).
10.16	Second Amendment to Senior Secured First Line Credit Agreement dated February 6, 2020, by and among Dynatrace LLC, Dynatrace Intermediate LLC, the lenders party thereto and Jefferies Financing LLC as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on February 6, 2020).
21.1	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019).

23.1*	Consent of BDO USA, LLP.
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\# Indicates a management contract or any compensatory plan, contract or arrangement.

* Filed herewith

** The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

DYNATRACE, INC.

Date: May 28, 2021	By:	/s/ John Van Siclen
		John Van Siclen
		Chief Executive Officer
		(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints John Van Siclen, Kevin Burns and Craig Newfield, and each of them, as his true and lawful attorney-in-fact and agent with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy, and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1934, this Annual Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John Van Siclen John Van Siclen	Chief Executive Officer and Director (Principal Executive Officer)	May 28, 2021
/s/ Kevin Burns Kevin Burns	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	May 28, 2021
/s/ Jill Ward Jill Ward	Director, Board Chair	May 28, 2021
/s/ Seth Boro Seth Boro	Director	May 28, 2021
/s/ Michael Capone Michael Capone	Director	May 28, 2021
/s/ Stephen Lifshatz Stephen Lifshatz	Director	May 28, 2021
/s/ James K. Lines James K. Lines	Director	May 28, 2021
/s/ Kenneth Virnig Kenneth Virnig	Director	May 28, 2021
/s/ Kirsten Wolberg Kirsten Wolberg	Director	May 28, 2021
/s/ Paul Zuber Paul Zuber	Director	May 28, 2021

Leadership

Executive Officers

John Van Siclen
Chief Executive Office

Kevin Burns
Chief Financial Officer

Bernd Greifeneder
SVP, Chief Technology Officer

Stephen Pace
SVP, Global Sales

Board of Directors

Jill Ward
Chair

Seth Boro
Director

Michael Capone
Director

Stephen Lifshatz
Director

James K. Lines
Director

John Van Siclen
Director

Kenneth “Chip” Virnig
Director

Kirsten O. Wolberg
Director

Paul Zuber
Director

dynatrace

Corporate Headquarters
Dynatrace, Inc.
1601 Trapelo Road, Suite 116
Waltham, MA 02451
Phone: (781) 530-1000

Corporate Counsel
Goodwin Procter LLP
100 Northern Avenue
Boston, MA 02210

Transfer Agent
Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202 U.S.
Phone: (800) 736-3001

Stock Listing
Dynatrace's common stock is traded on the New York Stock Exchange under the symbol "DT"

Independent Auditors
BDO USA, LLP
330 North Wabash Avenue, Suite 3200
Chicago, IL 60611

Investor Inquiries
Additional copies of this report and other financial information are available on our website at ir.dynatrace.com

dynatrace