COVISINT CORP

FORM 10-Q
(Quarterly Report)

Filed 11/03/16 for the Period Ending 09/30/16

Address	26533 EVERGREEN RD., SUITE 500 SOUTHFIELD, MI 48076
Telephone	2484832000
CIK	0001563699
Symbol	COVS
SIC Code	7374 - Computer Processing and Data Preparation and Processing Services
Industry	IT Services & Consulting
Sector	Technology
Fiscal Year	03/31

Table of Contents

As filed with the Securities and Exchange Commission on November 3, 2016

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

Commission file number 001-36088

Covisint Corporation
(Exact name of registrant as specified in its charter)

MICHIGAN (State or other jurisdiction of incorporation or organization)	**26-2318591** (I.R.S. Employer Identification Number)

26533 Evergreen Road, Suite 500, Southfield, Michigan 48076
(248) 483-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date:

As of November 1, 2016 , there were outstanding 40,843,457 shares of Common Stock, no par value, of the registrant.

Cautionary Statement

This Quarterly Report on Form 10-Q ("Quarterly Report") and the documents incorporated herein by reference contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), based on expectations, estimates, and projections as of the date of this filing. Actual results may differ materially from those expressed in forward-looking statements. See Item 1A-"Risk Factors" in this Quarterly Report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COVISINT CORPORATION

CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Data)
(Unaudited)

	September 30, 2016	March 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$34,814	$39,681
Accounts receivable, net of allowance for doubtful accounts of $72 and $39 as of September 30, 2016 and March 31, 2016, respectively	9,243	12,836
Prepaid expenses	2,069	2,167
Other current assets	689	1,603
Total current assets	46,815	56,287
PROPERTY AND EQUIPMENT, NET	6,460	7,847
CAPITALIZED SOFTWARE AND OTHER INTANGIBLE ASSETS, NET	10,920	11,486
OTHER:		
Goodwill	25,385	25,385
Deferred costs	381	580
Deferred tax asset, net	169	171
Other assets	205	289
Total other assets	26,140	26,425
TOTAL ASSETS	$90,335	$102,045
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$4,654	$5,061
Accrued commissions	1,911	1,071
Deferred revenue	16,504	15,952
Accrued expenses	1,565	2,377
Total current liabilities	24,634	24,461
DEFERRED REVENUE	655	3,595
ACCRUED LIABILITIES	2,355	2,327
DEFERRED TAX LIABILITY, NET	364	353
Total liabilities	28,008	30,736
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value - authorized 5,000,000 shares; none issued and outstanding	—	—
Common stock, no par value - authorized 50,000,000 shares; issued and outstanding 40,797,757 (40,490,928 issued and outstanding as of March 31, 2016)	—	—
Additional paid-in capital	163,038	161,997
Retained deficit	(100,442)	(90,527)
Accumulated other comprehensive loss	(269)	(161)
Total shareholders' equity	62,327	71,309
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$90,335	$102,045

See notes to consolidated financial statements.

COVISINT CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In Thousands, Except Per Share Data)
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
REVENUE	$17,170	$18,393	$34,616	$36,875
COST OF REVENUE	8,873	8,469	17,094	18,246
GROSS PROFIT	8,297	9,924	17,522	18,629
OPERATING EXPENSES:				
Research and development	2,962	3,127	6,738	6,790
Sales and marketing	7,053	7,183	14,264	14,659
General and administrative	3,187	3,730	6,395	7,817
Total operating expenses	13,202	14,040	27,397	29,266
OPERATING LOSS	(4,905)	(4,116)	(9,875)	(10,637)
Other income (expense)	17	(33)	33	(31)
LOSS BEFORE INCOME TAX PROVISION	(4,888)	(4,149)	(9,842)	(10,668)
INCOME TAX PROVISION (BENEFIT)	24	(23)	73	44
NET LOSS	($4,912)	($4,126)	($9,915)	($10,712)
Basic and diluted loss per share	($0.12)	($0.10)	($0.24)	($0.27)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Foreign currency translation adjustments	(13)	(85)	(108)	(82)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(13)	(85)	(108)	(82)
COMPREHENSIVE LOSS	($4,925)	($4,211)	($10,023)	($10,794)

See notes to consolidated financial statements.

COVISINT CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
SIX MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands, Except Share Data)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Shareholder's Equity
	Shares	Amount				
BALANCE AT MARCH 31, 2016	40,490,928	$—	$161,997	($90,527)	($161)	$71,309
Net loss				(9,915)		(9,915)
Covisint stock based compensation expense (Note 5)			927			927
Covisint stock option exercise / RSU vesting	306,829		121			121
Income tax items			(7)			(7)
Foreign currency translation					(108)	(108)
BALANCE AT SEPTEMBER 30, 2016	40,797,757	$—	$163,038	($100,442)	($269)	$62,327

See notes to consolidated financial statements.

COVISINT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Six Months Ended September 30,	
	2016	**2015**
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net loss	($9,915)	($10,712)
Adjustments to reconcile net loss to cash provided by (used in) operations:		
Depreciation and amortization	3,587	3,497
Deferred income taxes	23	48
Stock award compensation	927	1,822
Other	—	5
Net change in assets and liabilities:		
Accounts receivable	3,565	2,723
Other assets	1,285	3,658
Accounts payable and accrued expenses	(72)	(1,625)
Deferred revenue	(2,360)	(2,986)
Net cash used in operating activities	(2,960)	(3,570)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchase of:		
Property and equipment	(188)	(3,451)
Capitalized software	(1,428)	(1,526)
Proceeds from asset disposals	—	29
Net cash used in investing activities	(1,616)	(4,948)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Vendor financing payments	(369)	(369)
Net proceeds from exercise of stock awards	121	486
Net cash provided by (used in) financing activities	(248)	117
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(43)	19
NET CHANGE IN CASH	(4,867)	(8,382)
CASH AT BEGINNING OF PERIOD	39,681	50,077
CASH AT END OF PERIOD	$34,814	$41,695

See notes to consolidated financial statements.

COVISINT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying unaudited consolidated financial statements ("Financial Statements") include the accounts of Covisint Corporation, a Michigan corporation, and subsidiaries ("Covisint", the "Company", "we", "our", and "us").

The Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), for interim financial information and with the instructions of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, contingencies and results of operations. While management has based its assumptions and estimates on the facts and circumstances existing at September 30, 2016 , final amounts may differ from these estimates. In the opinion of the Company's management, the accompanying Financial Statements reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented.

The Company has evaluated subsequent events through the date these Financial Statements were issued.

These Financial Statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2016 (" 2016 Annual Report"). There have been no significant changes to the Company's accounting policies as disclosed in the Company's 2016 Annual Report.

Recently Issued Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, Improvements to Employee Share-Based Payment Accounting, requiring all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. ASU 2016-09 will also allow an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election to account for forfeitures as they occur. ASU 2016-09 is effective for annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the effect that the provisions of ASU 2016-09 will have on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases, requiring a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018. ASU 2016-02 requires entities to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. Full retrospective application is prohibited. The Company is currently evaluating the effect that the provisions of ASU 2016-02 will have on its consolidated financial statements and related disclosures.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which requires all deferred income taxes to be classified as noncurrent on the balance sheet. ASU 2015-17 is effective for annual periods beginning after December 15, 2016, with early adoption permitted. The Company adopted this standard prospectively as of March 31, 2016.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), and a subsequent amendment to the standard in March 2016 with ASU 2016-08, a new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under U.S. GAAP. The standard's core principle is that revenue should be recognized as goods or services are transferred to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB agreed to delay the effective date by one year. In accordance with the delay, this ASU will now be effective for annual and interim periods beginning on or after December 15, 2017, with early adoption permitted. Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in the ASU. The Company is currently evaluating the impact on its consolidated financial statements and related disclosures of adopting this guidance.

2. CAPITALIZED SOFTWARE AND OTHER INTANGIBLE ASSETS

The components of the Company's intangible assets are as follows (in thousands):

	September 30, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:			
Trademarks (1)	$358		$358
Amortizing intangible assets:			
Capitalized software (2)	$40,007	($29,445)	$10,562
Customer relationship agreements	2,585	(2,585)	—
Trademarks	80	(80)	—
Total amortizing intangible assets	$42,672	($32,110)	$10,562

	March 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:			
Trademarks (1)	$358		$358
Amortizing intangible assets:			
Capitalized software (2)	$38,578	($27,450)	$11,128
Customer relationship agreements	2,585	(2,585)	—
Trademarks	80	(80)	—
Total amortizing intangible assets	$41,243	($30,115)	$11,128

(1) The Covisint trademarks were acquired by Compuware in an acquisition in March 2004 and contributed to Covisint by Compuware effective January 1, 2013. These trademarks are deemed to have an indefinite life and therefore are not being amortized.
(2) Amortization of capitalized software is included in "cost of revenue" in the consolidated statements of comprehensive loss. Historically, capitalized software has been amortized over five years . Beginning in fiscal year 2017, capitalized software is being amortized over three years.

Based on the current competitive environment and rapidly changing landscape for cloud based platform software, effective April 1, 2016, the Company changed its estimate of the useful life of capitalized software from five years to three years. This change in useful life has been accounted for as a change in accounting estimate and will be applied to all new capitalized software. Remaining carrying amounts of capitalized software intangible assets will be amortized prospectively over a maximum of three years, or the remaining useful lives if less than three years. The change in estimated useful life did not have an impact on the earnings per share disclosed in the Consolidated Statements of Comprehensive Loss for the three and six months ended September 30, 2016 .

Amortization expense of intangible assets was $1.1 million and $0.9 million for the three months ended September 30, 2016 and 2015 , respectively, and $2.0 million and $1.8 million for the six months ended September 30, 2016 and 2015 , respectively. Estimated future amortization expense, based on identified intangible assets at September 30, 2016 , is expected to be as follows (in thousands):

	At September 30, 2016 for the Year Ending March 31,			
	2017	2018	2019	2020
Capitalized software	$2,370	$4,385	$3,030	$777

3. LOSS PER COMMON SHARE

Basic earnings per common share (“EPS”) is computed by dividing earnings available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS assumes the issuance of common stock for all potentially dilutive equivalent shares outstanding using the treasury method.

EPS data were computed as follows (in thousands, except for per share data):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Basic loss per share:				
Numerator: Net loss	($4,912)	($4,126)	($9,915)	($10,712)
Denominator:				
Weighted-average common shares outstanding	40,662	39,346	40,582	39,203
Basic loss per share	($0.12)	($0.10)	($0.24)	($0.27)
Diluted loss per share:				
Numerator: Net loss	($4,912)	($4,126)	($9,915)	($10,712)
Denominator:				
Weighted-average common shares outstanding	40,662	39,346	40,582	39,203
Dilutive effect of stock awards	—	—	—	—
Total shares	40,662	39,346	40,582	39,203
Diluted loss per share	($0.12)	($0.10)	($0.24)	($0.27)

Stock awards to purchase approximately 3,314,000 and 4,469,000 shares for the three months ended September 30, 2016 and 2015 , respectively, and 3,307,000 and 4,554,000 shares for the six months ended September 30, 2016 and 2015 , respectively, were excluded from the diluted EPS calculation because they were anti-dilutive.

4. COMMITMENTS AND CONTINGENCIES

Contractual Obligations

The Company conducts its business in various leased facilities which, based on the lease terms, are considered to be operating leases. There have been no material changes in our commitments under the lease agreements or other contractual obligations, as disclosed in our 2016 Annual Report.

Legal Matters

The Company is subject to legal proceedings, claims, investigations and proceedings in the ordinary course of business. In accordance with U.S. GAAP, the Company makes a provision for a liability when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case.

Beginning on May 30, 2014, two putative class actions were filed in the U.S. District Court for the Southern District of New York against us, our directors and former directors, and certain of our officers and former officers alleging violation of securities laws in connection with Covisint's initial public offering ("IPO") and seeking unspecified damages. These lawsuits were consolidated in the action entitled Desrocher v. Covisint Corporation, et al., No. 14-cv-03878 (the "Securities Class Action"). On October 14, 2014, the lead plaintiff filed a consolidated class action complaint (the "Complaint") alleging violations of Regulation S-K and Sections 11 and 15 of the Securities Act. The Complaint alleges, among other things that the IPO's registration statement contained (1) untrue statements and omissions of material facts related to the Company's projected revenues for fiscal 2014, (2) materially inaccurate statements regarding the Company's revenue recognition policy, and (3) omissions of known trends, uncertainties and significant risk factors as required to be disclosed by Regulation S-K.

On May 5, 2016, the parties entered into a stipulation and agreement of settlement to dismiss all claims with prejudice and settle the Securities Class Action (the "Settlement"). The Settlement was reached after the Court denied defendants' motions to dismiss and granted class certification of a class of all persons who purchased the Company's stock in and/or traceable to the Company's IPO on or about September 26, 2013, seeking to pursue remedies under Section 11 and 15 of the Securities Act. The Settlement, which is subject to Court approval, provides for a payment by the defendants of $8.0 million . The Company's uninsured portion of the settlement amount is $0.4 million , which was recorded as a liability as of March 31, 2016 and paid in July 2016. The hearing on Court approval of the Settlement is currently scheduled for December 13, 2016.

5. BENEFIT PLANS

Covisint 401(k) Plan

Under the Covisint 401(k) plan, the Company matches 33 percent of employees' 401(k) contributions up to 2 percent of eligible earnings. Matching contributions vest 100 percent when an employee reaches one year of service. The Company expensed \$0.1 million and \$0.1 million for the three months ended September 30, 2016 and 2015 , respectively, and \$0.2 million and \$0.2 million for the six months ended September 30, 2016 and 2015 , respectively, related to this program.

Covisint Stock-Based Compensation Plan

In August 2009, Covisint established a 2009 Long-Term Incentive Plan ("2009 Covisint LTIP") allowing the Board of Directors of Covisint to grant stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance-based cash or RSU awards and annual cash incentive awards to employees and directors of Covisint and its affiliates. The 2009 Covisint LTIP reserves 7.5 million common shares of Covisint for issuance under this plan.

As of September 30, 2016 , there were 2.9 million stock options and 0.5 million RSUs outstanding from the 2009 Covisint LTIP. No options or RSUs issued contain performance conditions. For the six months ended September 30, 2016 and 2015 , 0.1 million options and 0.3 million options, respectively, were exercised by participants of the 2009 Covisint LTIP.

Stock Option Activity

A summary of option activity under the Company's stock-based compensation plans as of September 30, 2016 , and changes during the six months then ended is presented below (shares and intrinsic value in thousands):

	Six Months Ended September 30, 2016			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Options outstanding as of April 1, 2016	2,943	\$4.52		
Granted	355	1.91		
Exercised	(70)	1.73		
Forfeited/Canceled	(353)	5.55		
Options outstanding as of September 30, 2016	2,875	\$4.14	7.40	\$200
Options vested and expected to vest, net of estimated forfeitures, as of September 30, 2016	2,730	\$4.22	7.31	\$181
Options exercisable as of September 30, 2016	1,500	\$5.05	6.37	\$85

All options were originally granted at estimated fair market value for those granted prior to our IPO, and at fair market value for those granted post IPO. Options expire ten years from the date of grant unless expiration has been otherwise accelerated in accordance with a termination and/or separation agreement.

Restricted Stock Unit Activity

A summary of non-vested RSU activity as of September 30, 2016 , and changes during the six months then ended is presented below (shares and intrinsic value are presented in thousands):

	Six Months Ended September 30, 2016		
	Shares	Weighted Average Grant-Date Fair Value	Aggregate Intrinsic Value
RSUs outstanding as of April 1, 2016	298	$3.50	
Granted	475	2.37	
Released	(237)	3.16	
Forfeited	—	—	
RSUs outstanding as of September 30, 2016	536	$2.65	$ 1,168

Stock Awards Compensation

For the three months ended September 30, 2016 and 2015 and for the six months ended September 30, 2016 and 2015 , net stock awards compensation expense was recorded as follows (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Stock awards compensation classified as:				
Cost of revenue	$16	$22	$21	$52
Research and development	11	28	15	54
Sales and marketing	69	232	118	341
General and administrative	340	391	773	1,375
Total stock awards compensation expense before income taxes	$436	$673	$927	$1,822

For the three months ended September 30, 2016 and 2015 total stock compensation expense is comprised of $0.4 million and $0.7 million , respectively, according to the normal expense recognition of the grant. For the six months ended September 30, 2016 and 2015 total stock compensation expense is comprised of $0.9 million and $1.4 million , respectively, according to the normal expense recognition of the grant, and $0.0 million and $0.4 million , respectively, for accelerated expense recognized due to the cancellation of options for certain current employees.

As of September 30, 2016 , total unrecognized compensation cost of $2.8 million , net of estimated forfeitures, related to nonvested equity awards granted is expected to be recognized over a weighted-average period of approximately 2.9 years. The following table summarizes the Company’s estimated future recognition of its unrecognized compensation cost related to stock awards as of September 30, 2016 (in thousands).

	Year Ending March 31,					
Covisint Stock-Based Compensation Plan:	Total	2017	2018	2019	2020	2021
Stock Compensation Expense	$2,762	$789	$925	$559	$378	$111

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this Quarterly Report, the terms "Covisint", "the Company", "we", "us", or "our", mean Covisint Corporation and its subsidiaries on a consolidated basis unless otherwise expressly stated or the context otherwise requires.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes that appear in Part I, Item 1 in this Quarterly Report and with Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016 (" 2016 Annual Report"). In addition to historical information, the information we provide or statements made by our employees contains forward-looking statements that reflect our plans, estimates, assumptions and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and Item 1A of this Quarterly Report under "Risk Factors". Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies and operations, financing plans, potential growth opportunities, potential market opportunities and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would" or similar expressions and the negatives of those terms. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's plans, estimates, assumptions and beliefs only as of the date of this report. Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

OVERVIEW

Covisint provides a cloud platform for the development of identity-centric and Internet of Things ("IoT") solutions (collectively the "Platform"). Our Platform gives our customers a substantial strategic advantage by enabling them to rapidly develop and deploy these applications faster and more cost-effectively than the alternatives, and in so doing, compete more effectively in their markets. Our Platform has been successfully operating globally on an enterprise scale for over 13 years, and it is the technology behind innovative industry solutions such as General Motors' OnStar, Hyundai's BlueLink™ and Cisco Systems' Service Exchange Platform™ ("SXP").

Our Platform provides a complete set of integrated technologies that addresses a rapidly growing available market, particularly in the automotive and manufacturing industries, which span three horizontal use cases - the IoT, cloud identity and access management, and business-to-business collaboration. To support our growth strategies and capitalize on current technology trends, we have made, and continue to make substantial investments to: a) expand our installed customer base; b) win new customers in the automotive industry; and c) land new customers via our channel partners via outbound OEM agreements with independent software vendors and system integrators.

We experienced net losses of $4.9 million and $4.1 million in the three months ended September 30, 2016 and 2015 , respectively, and $9.9 million and $10.7 million in the six months ended September 30, 2016 and 2015 , respectively. Since we are continuing to actively invest in our business to drive long-term growth, we do not expect to be profitable during fiscal 2017.

COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our revenue is primarily comprised of fees related to subscription and support as well as services performed. Subscription and support revenue includes fees for our customers' and their users' access to our Platform. Service revenue is generated from fees related to the implementation of our Platform and consulting services for our customers, as well as from other non-subscription sales. Implementation services typically consist of user migration, content migration, solution deployment, configuration, and training to support customer-specific work flows. Our services engagements typically occur in phases and can vary from a few weeks to several months depending on the scope and complexity of the solution. Our customers may choose to do much of this work in-house, through a third party, or with Covisint. We currently subcontract portions of our service engagements to third-party service partners to supplement our staffing needs within this area of the business.

Services contract value varies significantly for each customer agreement, and can be impacted by a number of trends which make the prediction of our future services revenue difficult. These trends include, but are not necessarily limited to, improvements in our Platform that make it easier for our customers to build and launch new business process innovations on the Platform, the implementation of our certified partner program, and a reduction in the effort required to launch the customer.

Our revenue generally fluctuates, and we expect it to continue to fluctuate, between periods due to inconsistent timing of sales, revenue recognition requirements (e.g., acceptance), changes in customer requirements and other factors. As a result, transactions that were expected to be recognized in one period may be recognized in a different period, which may materially affect our financial performance in a reporting period.

Cost of Revenue

Our cost of revenue is primarily comprised of salaries and personnel-related expenses related to our customer support, implementation, solution deployment, on-boarding and data center operations, the cost of professional services provided by third-party contractors, depreciation, amortization and impairment expenses related to capitalized research and development, acquisitions and capital expenditures, third-party hosting fees, third-party software license fees, and outside services related to our call center. Where we have established third-party evidence or a best estimate of selling price of the stand-alone value of our services, we recognize expense with the associated revenue recognition as services are delivered. Costs associated with deferred services revenue are recognized ratably, generally over five years, beginning upon customer acceptance of the deliverable consistent with the associated revenue.

We expect our cost of revenue may fluctuate as a percentage of total revenue due to relative changes in our services revenue, changes in the percentage of services recognized using the proportional performance method, the amount and timing of depreciation and amortization, changes in the amount of services performed by our customers or other vendors and the mix of subscription and support revenue relative to services revenue.

Research and Development

Research and development costs are primarily comprised of salaries and personnel-related expenses, services provided by third-party contractors related to software development, software license and hardware fees and depreciation and amortization related to acquisitions and capital expenditures.

We focus our research and development on new and expanded features of our Platform, utilizing an agile delivery methodology for our Platform enhancements. We capitalize a portion of these costs related to our hosted software and application services that have reached the application development stage. Capitalization of such cost begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and is ready for its intended purpose. Our capitalized software costs are amortized as a cost of revenue ratably over a period of three years upon completion of the project.

Sales and Marketing

Sales and marketing costs are primarily comprised of salaries and personnel-related expenses, commissions, travel expense, marketing program fees, services provided by third-party contractors related to our marketing campaigns and amortization related to customer relationship agreements acquired as a result of various acquisitions.

General and Administrative

General and administrative costs are primarily comprised of personnel-related expenses associated with our tax, internal audit, accounting, finance, human resources, and legal functions, including salaries, benefits, as well as external legal, accounting, and other professional fees.

Income Taxes

Provision for income taxes is comprised of federal and state taxes in the United States as well as certain foreign tax jurisdictions. Income taxes are accounted for using the asset and liability approach. Deferred income taxes are provided for the differences between the tax bases of assets or liabilities and their reported amounts in our financial statements and net operating loss and tax credit carryforwards.

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. If it is determined that it is more likely than not that the benefits will not be realized, valuation allowances are recorded which would increase the provision for income taxes. In making such determinations, 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. Given the Company's historical loss position in the U.S., it has been determined the Company does not expect to realize the benefits of its deferred tax assets, resulting in a full valuation allowance preventing the recognition of any potential deferred tax asset for its U.S. operations.

CRITICAL ACCOUNTING POLICIES

There have been no significant changes to our Critical Accounting Policies as described in our 2016 Annual Report.

STOCK-BASED COMPENSATION

Stock award compensation expense is recognized, net of an estimated forfeiture rate, on a straight-line basis over the requisite service period of the award.

RESULTS OF OPERATIONS

The following table is a summary of our consolidated statements of comprehensive loss data (in thousands, except for per share data):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Consolidated Statements of Comprehensive Loss Data:				
Subscription and support	$14,608	$15,251	$29,204	$30,915
Services	2,562	3,142	5,412	5,960
Total revenue	17,170	18,393	34,616	36,875
Cost of revenue (1)	8,873	8,469	17,094	18,246
Gross profit	8,297	9,924	17,522	18,629
Operating expenses:				
Research and development (1)	2,962	3,127	6,738	6,790
Sales and marketing (1)	7,053	7,183	14,264	14,659
General and administrative (1)	3,187	3,730	6,395	7,817
Total operating expenses	13,202	14,040	27,397	29,266
Operating loss	(4,905)	(4,116)	(9,875)	(10,637)
Other income (expense)	17	(33)	33	(31)
Loss from operations before income tax provision	(4,888)	(4,149)	(9,842)	(10,668)
Income tax provision (benefit)	24	(23)	73	44
Net loss	($4,912)	($4,126)	($9,915)	($10,712)
Basic and diluted loss per share (2)	($0.12)	($0.10)	($0.24)	($0.27)
Weighted-average shares outstanding, Basic and diluted (2)	40,662	39,346	40,582	39,203

(1) The statements and line items above include stock compensation as detailed in the table below.

(2) Please see note 3 of our consolidated financial statements and related disclosures for an explanation of the method used to calculate the net income (loss) per share attributable to common shareholders and the number of shares used in computation of the per share amounts.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Stock awards compensation classified as:				
Cost of revenue	$ 16	$ 22	$ 21	$ 52
Research and development	11	28	15	54
Sales and marketing	69	232	118	341
General and administrative	340	391	773	1,375
Total stock awards compensation expense before income taxes	$ 436	$ 673	$ 927	$ 1,822

The following table sets forth a summary of our consolidated statements of comprehensive loss as a percentage of our total revenue:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Consolidated Statements of Comprehensive Loss Data:				
Subscription and support	85 %	83 %	84 %	84 %
Services	15	17	16	16
Total revenue	100	100	100	100
Cost of revenue (1)	52	46	49	49
Gross profit	48	54	51	51
Operating expenses:				
Research and development (1)	17	17	19	18
Sales and marketing (1)	41	39	41	40
General and administrative (1)	19	20	18	21
Total operating expenses	77	76	78	79
Operating loss	(29)	(22)	(29)	(29)
Other income (expense)	0	0	0	0
Loss from operations before income tax provision	(28)	(23)	(28)	(29)
Income tax provision (benefit)	0	0	0	0
Net loss	(29)%	(22)%	(29)%	(29)%

(1) Refer to the table above for the breakdown of stock compensation included in these line item percentages.

KEY METRICS

In addition to reporting financial results in accordance with U.S. GAAP, we monitor a number of other metrics to evaluate our business, measure our performance, identify trends affecting our business, allocate capital and make strategic decisions.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted gross profit represents gross profit, adjusted for amortization of capitalized software costs associated with our research and development activities which are currently classified within cost of revenue, as well as for stock based compensation associated with certain of our professional services and operations employees. Adjusted gross margin represents adjusted gross profit as a percentage of total revenue.

We believe that adjusted gross margin, when viewed with our results under U.S. GAAP and the accompanying reconciliation, provides additional information that is useful for evaluating our operating performance. Additionally, we believe that adjusted gross margin provides a more meaningful comparison of our operating results against those of other companies in our industry. However, adjusted gross margin is not a measure of financial performance under U.S. GAAP and, accordingly, should not be considered as an alternative to gross margin as an indicator of operating performance.

The table below provides reconciliations between the non-U.S. GAAP financial measures discussed above to the comparable U.S. GAAP measures of gross profit (in thousands, except percentages):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2016	2015	2016	2015
Gross profit	$8,297	$9,924	$17,522	$18,629
Gross margin	48%	54%	51%	51%
Adjustments:				
Stock compensation expense—cost of revenue	$16	$22	$21	$52
% of total revenue	—%	—%	—%	—%
Amortization of capitalized software—cost of revenue	$1,150	$905	$1,995	$1,809
% of total revenue	7%	5%	5%	5%
Non-GAAP gross profit	$9,463	$10,851	$19,538	$20,490
Non-GAAP gross margin	55%	59%	56%	56%

THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

Revenue

Revenue derived from our subscription and support and services is presented in the table below:

	Three Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Subscription and support	$14,608	$15,251	($643)	(4)%
Services	2,562	3,142	(580)	(18)%
Total revenue	$17,170	$18,393	($1,223)	(7)%

Our total revenue decreased to $17.2 million for the three months ended September 30, 2016 from $18.4 million in the three months ended September 30, 2015 , representing a 7% decrease in total revenue.

Subscription and support revenue was $14.6 million for the three months ended September 30, 2016 , as compared to $15.3 million for the three months ended September 30, 2015 , representing a decline of 4% . The decrease in subscription revenue was due to the shift out of our lower margin healthcare application business, as well as other customer attrition, partially offset by new business.

Our services revenue was $2.6 million for the three months ended September 30, 2016 , as compared to $3.1 million for the three months ended September 30, 2015 , representing a decline of 18% . This reflected a relatively high volume of one-time projects related to new customer implementations in the prior period.

Our highest concentration of total revenue, including services, comes from the automotive industry which accounted for 55% and 53% of our total revenue for the three months ended September 30, 2016 and 2015 , respectively. The healthcare industry accounted for 12% and 16% of our total revenue in the quarter ended September 30, 2016 and 2015 , respectively. Our remaining revenue resides in the energy, financial services, travel and other non-automotive and non-health care industries.

Our total revenue is also concentrated with two key customers, Cisco Systems (“Cisco”) and General Motors (“GM”). As a result of the strategic partnership with Cisco, we enabled Cisco to serve as the prime contractor and Covisint as the subcontractor for agreements with various divisions of GM, which we historically provided directly to GM. For the three months ended September 30, 2016 and 2015 , Cisco accounted for 43% and 41% , respectively, of our total revenue, of which 30% and 28% , respectively, is related to the transfer of the GM contracts and the augmentation of Cisco's SXP. Our stand alone business with GM accounted for 3% of our total revenue in each of the three months ended September 30, 2016 and 2015 .

Cost of Revenue

Cost of revenue is presented in the table below:

	Three Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Cost of revenue	$8,873	$8,469	$404	5%
Gross margin	48%	54%		

Cost of revenue increased $0.4 million for the three months ended September 30, 2016 as compared to the same period in 2015 largely attributable to increased technology costs and subcontractor usage related to increased investment in product support.

Our gross margin decreased to 48% for the three months ended September 30, 2016 , as compared with 54% for the same period in 2015 . The reduced margins were primarily due to the decline in revenue, as well as the increased technology and subcontractor expenses discussed above.

Research and Development

Research and development costs incurred, expensed and capitalized are presented in the table below:

	Three Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Research and development costs incurred	$3,702	$4,253	($551)	(13)%
Capitalized internal software costs	(740)	(1,126)	386	(34)%
Research and development costs expensed	$2,962	$3,127	($165)	(5)%
Percentage of total revenue:				
Research and development costs incurred	22%	23%		
Research and development costs expensed	17%	17%		

Research and development costs incurred decreased to $3.7 million for the three months ended September 30, 2016 , as compared to $4.3 million in the same period in 2015 . The reductions were primarily due to a $0.5 million decrease in labor expense as resources were deployed to customer support projects.

We capitalized $0.7 million and $1.1 million of internal software (research and development) costs for the three months ended September 30, 2016 and 2015 , respectively. The decreased capitalization of our research and development costs for the three months ended September 30, 2016 compared to the same period in 2015 , was due to the lower level of incurred costs.

Sales and Marketing

Sales and marketing costs are presented in the table below:

	Three Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Sales and marketing	$7,053	$7,183	($130)	(2)%
Percentage of total revenue	41%	39%		

Sales and marketing costs slightly decreased by $0.1 million for the three months ended September 30, 2016 as compared to the same period in 2015 , largely due to a drop in stock compensation expense.

General and Administrative

General and administrative costs are presented in the table below:

	Three Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
General and administrative	$3,187	$3,730	($543)	(15)%
Percentage of total revenue	19%	20%		

General and administrative costs decreased by $0.5 million for the three months ended September 30, 2016 , as compared to the same period in 2015 , which was primarily a result of $0.4 million lower salary expense from continued rationalization of our general and administrative structure.

SIX MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

Revenue

Revenue derived from our subscription and support and services is presented in the table below:

	Six Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Subscription and support	$29,204	$30,915	($1,711)	(6)%
Services	5,412	5,960	(548)	(9)%
Total revenue	$34,616	$36,875	($2,259)	(6)%

Our total revenue decreased to $34.6 million for the six months ended September 30, 2016 from $36.9 million in the six months ended September 30, 2015 , representing a 6% decrease in total revenue.

Subscription and support revenue was $29.2 million for the six months ended September 30, 2016 as compared to $30.9 million for the six months ended September 30, 2015 , representing a decline of 6% . The decrease in subscription revenue was due to the shift out of our lower margin healthcare application business, as well as other customer attrition, partially offset by new business.

Our services revenue was $5.4 million for the six months ended September 30, 2016 , as compared to $6.0 million for the six months ended September 30, 2015 , representing a decline of 9% . This reflected a relatively high volume of one-time projects related to new customer implementations in the prior period.

Our highest concentration of total revenue, including services, comes from the automotive industry which accounted for 56% and 52% of our total revenue for the six months ended September 30, 2016 and 2015 , respectively. The healthcare industry accounted for 13% and 18% of our total revenue in the six months ended September 30, 2016 and 2015 , respectively. Our remaining revenue resides in the energy, financial services, travel and other non-automotive and non-health care industries.

Our total revenue is also concentrated with two key customers, Cisco and GM. As a result of the strategic partnership with Cisco, we enabled Cisco to serve as the prime contractor and Covisint as the subcontractor for agreements with various divisions of GM, which we historically provided directly to GM. For the six months ended September 30, 2016 and 2015 , Cisco accounted for 42% and 36% , respectively, of our total revenue, of which 30% and 25% , respectively, is related to the transfer of the GM contracts and the augmentation of Cisco's SXP. Our stand alone business with GM accounted for 3% and 8% of our total revenue in the six months ended September 30, 2016 and 2015 , respectively.

Cost of Revenue

Cost of revenue is presented in the table below:

	Six Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Cost of revenue	$17,094	$18,246	($1,152)	(6)%
Gross margin	51%	51%		

Cost of revenue decreased $1.2 million for the six months ended September 30, 2016 as compared to the same period in 2015 . The decrease is primarily attributable to a decline in personnel and subcontractor expense due to the planned exit from the low margin services business, as well as due to reductions in technology expense from continued optimization of our hosting and telecommunications costs.

Our gross margin of 51% for the six months ended September 30, 2016 , was flat as compared with the same period in 2015 .

Research and Development

Research and development costs incurred, expensed and capitalized are presented in the table below:

	Six Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Research and development costs incurred	$8,166	$8,316	($150)	(2)%
Capitalized internal software costs	(1,428)	(1,526)	98	(6)%
Research and development costs expensed	$6,738	$6,790	($52)	(1)%
Percentage of total revenue:				
Research and development costs incurred	24%	23%		
Research and development costs expensed	19%	18%		

Research and development costs incurred decreased to $8.2 million for the six months ended September 30, 2016 , as compared to $8.3 million in the same period in 2015 . The reductions were primarily due to a decrease in labor and technology expense as resources were deployed to customer support projects. These declines were partially offset by increased costs related to migrating customers to our enhanced platform offering.

We capitalized $1.4 million and $1.5 million of internal software (research and development) costs for the six months ended September 30, 2016 and 2015 , respectively. The decreased capitalization of our research and development costs for the six months ended September 30, 2016 compared to the same period in 2015 , was due to the lower level of incurred costs.

Sales and Marketing

Sales and marketing costs are presented in the table below:

	Six Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
Sales and marketing	$14,264	$14,659	($395)	(3)%
Percentage of total revenue	41%	40%		

Sales and marketing costs decreased $0.4 million for the six months ended September 30, 2016 , compared to the same period in 2015 , primarily due to a restructuring of the direct sales and marketing organizations to align with our growth strategy of winning new customers in the automotive industry.

General and Administrative

General and administrative costs are presented in the table below:

	Six Months Ended September 30,		Period-to-Period Change	
	2016	2015	$	%
	(In thousands)			
General and administrative	$6,395	$7,817	($1,422)	(18)%
Percentage of total revenue	18%	21%		

General and administrative costs decreased by $1.4 million for the six months ended September 30, 2016 , as compared to the same period in 2015 . The decrease was attributable to a reduction in stock compensation expense of $0.6 million and a reduction in legal expense of $0.3 million, as well as our continued rationalization of our general and administrative structure.

LIQUIDITY AND CAPITAL RESOURCES

In summary, our cash flows for the six months ended September 30, 2016 and 2015 were:

	Six Months Ended September 30,	
	2016	2015
Consolidated Statement of Cash Flows Data:	(In thousands)	
Net cash (used in) operating activities	($2,960)	($3,570)
Net cash (used in) investing activities	(1,616)	(4,948)
Net cash provided by (used in) financing activities	(248)	117
Effect of exchange rate	(43)	19
Net change in cash	($4,867)	($8,382)

Our principal source of liquidity is cash generated from operations. To date, we have incurred operating losses as reflected in our accumulated deficit, as well as negative cash flows as shown in the consolidated statements of cash flows. We do not expect to be profitable and expect negative cash flow for the full 2017 fiscal year as we continue to fund our current operations, implement our growth strategies, and fund capital expenditures. We anticipate our current cash balance as well as cash to be received from current and existing customers will be sufficient to meet our liquidity needs and accommodate our growth for at least the next twelve months.

The consolidated statements of cash flows included in this report compute net cash from operating activities using the indirect cash flow method. Therefore, non-cash adjustments and net changes in assets and liabilities (net of effects from acquisitions and currency fluctuations) are adjusted from net income to derive net cash from operating activities.

Cash Flows from Operating Activities

Net cash used in operating activities was $3.0 million for the six months ended September 30, 2016 , compared to $3.6 million for the same period in 2015 , primarily due to more favorable working capital fluctuations.

In the first quarter of fiscal 2017 and 2016, we received payment for the annual subscription for one of our agreements with Cisco for GM (“Cisco Agreements”), which is also reflected in cash from operating activities for the six months ended September 30, 2016 and 2015, respectively. We receive the annual subscription fees in advance, at the commencement of each contract year, under this Cisco Agreement as well as for another Cisco Agreement (which was paid in the fourth quarters of fiscal 2016 and 2015, respectively).

Cash Flows from Investing Activities

Cash used in investing activities typically consists of the purchase of property and equipment associated with our infrastructure and the expenditures on capitalized internal software (research and development) costs related to expanding our cloud-based Platform.

Net cash used in investing activities was $1.6 million for the six months ended September 30, 2016 , compared to $4.9 million for the same period in 2015 . The decrease in cash used in investing activities is due to the prior year period which includes purchases of property and equipment and lease hold improvements associated with the relocation of our corporate headquarters to Southfield, Michigan in May 2015.

Cash Flows from Financing Activities

Net cash used in financing activities was $0.2 million for the six months ended September 30, 2016 , as compared to $0.1 million provided by financing activities in the same period in 2015 , primarily due to a decrease in proceeds received from the exercises of stock awards.

RECENTLY ISSUED ACCOUNTING PRONOUCEMENTS

New accounting guidance that we have recently adopted, as well as accounting guidance that has been recently issued, but not yet adopted by us, is included in Note 1 of the notes to the consolidated financial statements appearing in Part I, Item 1 of this Quarterly Report.

CONTRACTUAL OBLIGATIONS

Contractual obligations represent future cash commitments and liabilities under agreements with third parties. There have been no material changes in our commitments under contractual obligations, as disclosed in our 2016 Annual Report.

OFF-BALANCE SHEET ARRANGEMENTS

We currently do not have any off-balance sheet or non-consolidated special purpose entity arrangements as defined by the applicable rules and regulations promulgated by the Securities and Exchange Commission ("SEC").

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed primarily to market risks associated with foreign currency exchange rates. We do not use derivative financial instruments or forward foreign exchange contracts for investment, speculative or trading purposes. We believe our foreign currency risk is minimal as 89% and 91% of our revenue was based in U.S. dollars for the six months ended September 30, 2016 and 2015 , respectively. Previously reported fiscal year 2016 U.S. dollar revenue percentages have been adjusted (from 85% to 91%) to be consistent with current fiscal year amounts. In addition, we have no long-term assets or liabilities in foreign currencies. We do not have a material exposure to market risk with respect to investments.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act), as of the end of the period covered by this Quarterly Report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in our 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 our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving their objectives. Based upon the evaluation of our disclosure controls and procedures as of September 30, 2016 , our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Beginning on May 30, 2014, two putative class actions were filed in the U.S. District Court for the Southern District of New York against us, our directors and former directors, and certain of our officers and former officers alleging violation of securities laws in connection with our IPO and seeking unspecified damages. These lawsuits were consolidated in the action entitled Desrocher v. Covisint Corporation, et al., No. 14-cv-03878 (the “Securities Class Action”). On October 14, 2014, the lead plaintiff filed a consolidated class action complaint (the “Complaint”) alleging violations of Regulation S-K and Sections 11 and 15 of the Securities Act. The Complaint alleges, among other things that the IPO’s registration statement contained (1) untrue statements and omissions of material facts related to the Company’s projected revenues for fiscal 2014, (2) materially inaccurate statements regarding the Company’s revenue recognition policy, and (3) omissions of known trends, uncertainties and significant risk factors as required to be disclosed by Regulation S-K.

On May 5, 2016, the parties entered into a stipulation and agreement of settlement to dismiss all claims with prejudice and settle the Securities Class Action (the “Settlement”). The Settlement was reached after the Court denied defendants' motions to dismiss and granted class certification of a class of all persons who purchased the Company's stock in and/or traceable to the Company's IPO on or about September 26, 2013, seeking to pursue remedies under Section 11 and 15 of the Securities Act. The Settlement, which is subject to Court approval, provides for a payment by the defendants of $8.0 million. The Company's uninsured portion of the settlement amount is $0.4 million, which was recorded as a liability as of March 31, 2016 and paid in July 2016. The hearing on Court approval of the Settlement is currently scheduled for December 13, 2016.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks under the heading "Risk Factors" in Part I, Item 1A in our 2016 Annual Report, which risks could materially affect our business, financial condition or future results. There have been no material changes in our risk factors from those described in the Annual Report. These risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

Table of Contents

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not Applicable.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

Not Applicable.

ITEM 6. EXHIBITS

The following exhibits are filed herewith.

Exhibit Number	Description of Document
10.1	Form Severance Agreement
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act
32.1*	Certification pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

---

* Indicates an exhibit which is furnished herewith.

SIGNATURES

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

COVISINT CORPORATION

Date:	November 3, 2016	By: /s/ Samuel M. Inman, III Samuel M. Inman, III Chief Executive Officer Principal Executive Officer
Date:	November 3, 2016	By: /s/ Enrico Digirolamo Enrico Digirolamo Chief Financial Officer Principal Accounting Officer

SEVERANCE AGREEMENT

THIS AGREEMENT, executed on __________, 2016, is made by and between Covisint Corporation, a Michigan corporation (the “Company”), and _____________(the “Employee”). This Severance Agreement supersedes and replaces any prior Severance Agreement between the Company and Employee.

WHEREAS, the Company considers it essential to the best interests of its business to foster the continued employment of key personnel; and

WHEREAS, the Board of Directors of the Company (“Company Board”) recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among employees, may result in the departure or distraction of key personnel to the detriment of the Company; and

WHEREAS, the Company Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of the Company’s key personnel, including the Employee, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Employee hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.

2. Term of Agreement. The Term of this Agreement shall commence on the date hereof and shall continue in effect through December 31, 2019.

3. Severance Payments.

3.1 Subject to Section 3.2 hereof, if the Employee’s employment is terminated within one (1) year following a Change in Control either by the Company (or its successor as contemplated under Section 6.1 below) or by the Employee, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Employee without Good Reason, then the Company shall pay the Employee the amounts, and provide the Employee the benefits, described in this Section 3.1 (“Severance Payments”), in addition to any payments and benefits to which the Employee is entitled with respect to his employment with the Company:

(A) In lieu of any further salary payments to the Employee for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Employee, the Company shall pay to the Employee a lump sum severance payment, in cash, equal to 1 times (1x) the sum of (i) the Employee's annual base salary as in effect immediately prior to the Date of Termination, and (ii) the Employee's target annual bonus under any annual bonus or incentive plan maintained by the Company in respect of the fiscal year in which occurs the Date of Termination.

(B) For a 12-month period that begins following the Date of Termination (the "COBRA Reimbursement Period"), the Company will reimburse Employee for Employee's payments of premiums for COBRA continuation coverage as elected by Employee (the "COBRA coverage"), provided that Employee timely elects such COBRA coverage through the Company's COBRA administrator and such COBRA coverage remains in effect during the COBRA Reimbursement Period. Invoices for the COBRA coverage premiums will be mailed to Employee on a monthly basis. Within 30 days of receiving verification that Employee has paid the COBRA premiums, the Company will reimburse Employee in the amount of such premiums paid by the Employee during the COBRA Reimbursement Period.

(C) Notwithstanding any provision of any annual incentive plan to the contrary, the Company shall pay to the Employee an amount, in cash, equal to the sum of any unpaid incentive compensation which has been allocated or awarded to the Employee for a completed fiscal year preceding the Date of Termination under any such plan and which, as of the Date of Termination, is contingent only upon the continued employment of the Employee to a subsequent date.

(D) Unless otherwise vested under the 2009 Long Term Incentive Plan or the applicable stock option agreement, upon the Date of Termination, Employee's unvested options will vest immediately and the Employee may exercise the options as if he were still employed.

3.2 (A) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit received or to be received by the Employee in connection with, or on account of, a Change in Control (including any payment or benefit received in connection with the termination of the Employee's employment on account of a Change in Control, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the Severance Payments, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the Excise Tax, then, after taking into account any reduction in the Total Payments permitted under Section 280G of the Code to that portion of the Total Payments payable under such other plan, arrangement or agreement, to the extent the Total Payments still result in an excess payment under Section 280G of the Code, Total Payments shall be adjusted further as follows:

(i) the portion of the Total Payments that does not constitute deferred compensation within the meaning of Section 409A of the Code shall first be reduced, then

(ii) to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, the portion of the Total Payments that constitutes deferred compensation within the meaning of Section 409A of the Code shall thereafter be reduced, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Employee would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(B) For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Employee shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code, if such waiver is otherwise permitted by law, shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel reasonably acceptable to the Employee ("Tax Counsel"), does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the Base Amount allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(C) At the time that payments are made under this Agreement, the Company shall provide the Employee with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). If the Employee objects to the Company's calculations, the Company shall pay to the Employee such portion of the Severance Payments (up to 100% thereof) as the Employee determines is necessary to result in the proper application of subsection A of this Section 3.2.

3.3 Subject to the provisions of Section 12 hereof, the payment provided in subsections (A) and (C) of Section 3.1 hereof shall be made not later than the fifth business day following the Date of Termination.

4. Termination Procedures and Compensation During Dispute .

4.1 Notice of Termination. After a Change in Control and during the Term, any purported termination of the Employee's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 7 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment.

4.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Employee's employment after a Change in Control and during the Term, shall mean (i) if the Employee's employment is terminated by the Company, thirty (30) days after Notice of Termination is given, or such earlier date as is specified in the Notice of Termination and (ii) if the Employee's employment is terminated by the Employee, fifteen (15) days after Notice of Termination is given.

5. No Mitigation. The Company agrees that, if the Employee's employment with the Company terminates during the Term, the Employee is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Employee by the Company pursuant to Section 3 hereof. Further, except as specifically provided in Section 3.1(B) hereof, no payment or benefit provided for in this Agreement shall be reduced by any compensation earned by the Employee as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Employee to the Company, or otherwise.

6. Successors; Binding Agreement.

6.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

6.2 This Agreement shall inure to the benefit of and be enforceable by the Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Employee shall die while any amount would still be payable to the Employee hereunder (other than amounts which, by their terms, terminate upon the death of the Employee) if the Employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Employee's estate.

7. Notices. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, or by overnight courier service such as FedEx, addressed,

if to the Employee, to the most recent address shown in the personnel records of the Company and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:
Covisint Corporation
26533 Evergreen Road, Suite 500
Southfield, MI 48076
Attention: Chief Executive Officer

8. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and such officer as may be specifically designated by the Company Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Employee has agreed. The obligations of the Company and the Employee under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 3 hereof) shall survive such expiration.

9. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

11. Settlement of Disputes; Arbitration.

11.1 All claims by the Employee for benefits under this Agreement shall be in writing. Any denial of a claim for benefits under this Agreement shall be delivered to the Employee in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Company shall afford a reasonable opportunity to the Employee for a review of the decision denying a claim.

11.2 Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the city and state of the Employee's principal residence as of the date of the Change in Control, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

12. Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code to the extent subject thereto or be exempt therefrom, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required to avoid the application of an accelerated or additional tax under Section 409A of the Code, the Employee shall not be considered to have terminated employment with the Company for purposes of this Agreement until such time as the Employee is considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Agreement shall be construed as a separately identified payment for purposes of Section 409A of the Code, and any payments that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required to avoid the application of an accelerated or additional tax under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the three-month period immediately following the Employee's termination of employment shall instead be paid on the first business day after the date that is six months following the Employee's termination of employment (or upon the Employee's death, if earlier). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to Employee under this Agreement shall be paid to Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Employee) during any one year may not affect amounts reimbursable or provided in any subsequent year.

13. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

(A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(B) "Base Amount" shall have the meaning set forth in Section 280G(b)(3) of the Code.

(C) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(D) "Cause" for termination by the Company of the Employee's employment shall mean (i) the failure by the Employee to substantially perform the Employee's duties with the Company (other than any such failure resulting from the Employee's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Employee pursuant to Section 4.1 hereof), or (ii) the engaging by the Employee in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise.

(E) A "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(I) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Company representing 50% or more of the combined voting power of Company's then outstanding securities; or

(II) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Company Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Company) whose appointment or election by the Company Board or nomination for election by Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(III) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (i) a merger or consolidation immediately following which the voting securities of the Company outstanding immediately prior to such merger or consolidation continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(IV) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets immediately following which the individuals who comprise the Company Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or any parent thereof.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred under clauses (I), (II), (III) or (IV) above by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

(E) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(F) "Date of Termination" shall have the meaning set forth in Section 4.2 hereof.

(G) "Disability" shall be deemed the reason for the termination by the Company of the Employee's employment, if, as a result of the Employee's incapacity due to physical or mental illness, the Employee shall have been absent from the full-time performance of the Employee's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Employee a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Employee shall not have returned to the full-time performance of the Employee's duties.

(H) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(I) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.

(J) "Employee" shall mean the individual named in the first paragraph of this Agreement.

(K) "Good Reason" for termination by the Employee of the Employee's employment shall mean the occurrence (without the Employee's express written consent which specifically references this Agreement) after any Change in Control, of any one of the following acts by the Company, or failures by the Company to act:

(I) the assignment to the Employee of any duties materially inconsistent with the Employee's status, duties, and responsibilities as a ________________________ of a publicly traded company, including the Company, or a substantial adverse alteration in the nature or status of the Employee's responsibilities from those in effect on the effective date of this Agreement;

(II) a reduction by the Company in the Employee's annual base salary or target bonus percentage as in effect on the date hereof or as the same may be increased from time to time;

(III) the relocation of the Employee's principal place of employment to a location more than 25 miles from the Employee's principal residence immediately prior to the date hereof or the Company's requiring the Employee to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an extent substantially consistent with the Employee's present business travel obligations;

(IV) the failure by the Company to pay to the Employee any portion of the Employee's current compensation or to pay to the Employee any portion of an installment of deferred compensation under any deferred compensation program of the Company, within seven (7) days of the date such compensation is due;

(V) the failure by the Company to continue in effect any compensation plan in which the Employee participates immediately prior to the date hereof which is material to the Employee's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Employee's participation therein (or in such substitute or alternative plan acceptable to the Employee) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Employee's participation relative to other participants, as existed immediately prior to the date hereof;

(VI) the failure by the Company to continue to provide the Employee with such benefits that are substantially similar to those enjoyed by the Employee as of the date of this Agreement under any of the Company's pension, savings, life insurance, medical, health and accident, disability or other plans in which the Employee is participating as of the date of this Agreement (except to the extent that across-the-board-changes are made that affect all similarly situated executives of the Company and all executives of any Person in control of the Company) or the taking of any other action by the Company which would directly or indirectly reduce any of such benefits or deprive the Employee of any fringe benefit enjoyed by the Employee as of the effective date hereof; or

(VII) the failure by the Company to fulfill its obligations under Section 6.1 of this Agreement requiring any successor to the Company to assume this Agreement and the obligations hereunder.

The Employee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder; provided that the Employee provides the Company with a written Notice of Termination within ninety (90) days following the occurrence of the event constituting Good Reason. In no event will the Employee have Good Reason to terminate employment if such act or failure to act as set forth in paragraphs (I) through (VII) is cured by the Company within 30 days after a Notice of Termination is delivered by the Employee to the Company.

(L) "Notice of Termination" shall have the meaning set forth in Section 4.1 hereof.

(M) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof.

(N) "Severance Payments" shall have the meaning set forth in Section 3.2 hereof.

(O) "Tax Counsel" shall have the meaning set forth in Section 3.2 hereof.

(P) "Term" shall mean the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).

(Q) "Total Payments" shall mean those payments so described in Section 3.2 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COVISINT CORPORATION

By: ____
Its: Chief Executive Officer

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to 15 U.S.C. Section 10A, as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Samuel M. Inman, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Covisint Corporation for the quarterly period ended September 30, 2016 ;

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

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

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

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

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

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

November 3, 2016

By: /s SAMUEL M. INMAN, III
Samuel M. Inman, III
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to 15 U.S.C. Section 10A, as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Enrico Digirolamo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Covisint Corporation for the quarterly period ended September 30, 2016 ;

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

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

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

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

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

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

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

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

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

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

November 3, 2016

By: /s/ ENRICO DIGIROLAMO
Enrico Digirolamo
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Covisint Corporation (the *"Company"*) on Form 10-Q for the quarterly period ended September 30, 2016 , as filed with the Securities and Exchange Commission on the date hereof (the *"Report"*), Samuel M. Inman, III, Chief Executive Officer and Enrico Digirolamo, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 3, 2016

By: /s/ SAMUEL M. INMAN, III
Samuel M. Inman, III
Chief Executive Officer

By: /s/ ENRICO DIGIROLAMO
Enrico Digirolamo
Chief Financial Officer