OMNICELL, INC

FORM 10-Q
(Quarterly Report)

Filed 05/05/17 for the Period Ending 03/31/17

Address	590 E. MIDDLEFIELD ROAD
	MOUNTAIN VIEW, CA 94043
Telephone	6502516100
CIK	0000926326
Symbol	OMCL
SIC Code	3571 - Electronic Computers
Industry	Advanced Medical Equipment & Technology
Sector	Healthcare
Fiscal Year	12/31

Table of Contents

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 March 31, 2017

OR

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

For the transition period from to

Commission File No. 000-33043

OMNICELL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-3166458**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

590 East Middlefield Road
Mountain View, CA 94043
(Address of registrant's principal executive offices, including zip code)

(650) 251-6100
(Registrant's telephone number, including area code)

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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of April 27, 2017 , there were 37,163,574 shares of the registrant's common stock, $0.001 par value, outstanding.

OMNICELL, INC.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

OMNICELL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 31, 2017	December 31, 2016
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 46,348	$ 54,488
Accounts receivable, net of allowances of $4,416 and $4,796, respectively	131,433	150,303
Inventories	76,230	69,297
Prepaid expenses	27,775	28,646
Other current assets	12,593	12,674
Total current assets	294,379	315,408
Property and equipment, net	40,996	42,011
Long-term investment in sales-type leases, net	19,174	20,585
Goodwill	328,216	327,724
Intangible assets, net	184,127	190,283
Long-term deferred tax assets	5,624	4,041
Other long-term assets	37,247	35,051
Total assets	$ 909,763	$ 935,103
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 38,466	$ 27,069
Accrued compensation	28,677	26,722
Accrued liabilities	31,406	31,195
Long-term debt, current portion, net	8,410	8,410
Deferred revenue, net	90,521	87,516
Total current liabilities	197,480	180,912
Long-term deferred revenue	15,994	17,051
Long-term deferred tax liabilities	42,502	51,592
Other long-term liabilities	8,716	8,210
Long-term debt, net	206,128	245,731
Total liabilities	470,820	503,496
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $0.001 par value, 5,000 shares authorized; no shares issued	—	—
Common stock, $0.001 par value, 100,000 shares authorized; 46,272 and 45,778 shares issued; 37,127 and 36,633 shares outstanding, respectively	46	46
Treasury stock at cost, 9,145 shares outstanding	(185,074)	(185,074)
Additional paid-in capital	541,159	525,758
Retained earnings	91,226	100,396
Accumulated other comprehensive loss	(8,414)	(9,519)
Total stockholders' equity	438,943	431,607
Total liabilities and stockholders' equity	$ 909,763	$ 935,103

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

OMNICELL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended March 31,	
	2017	2016
	(In thousands, except per share data)	
Revenues:		
Product	$ 98,930	$ 127,895
Services and other revenues	51,624	43,109
Total revenues	150,554	171,004
Cost of revenues:		
Cost of product revenues	63,588	71,918
Cost of services and other revenues	22,774	19,141
Total cost of revenues	86,362	91,059
Gross profit	64,192	79,945
Operating expenses:		
Research and development	16,803	13,838
Selling, general and administrative	64,625	64,255
Total operating expenses	81,428	78,093
Income (loss) from operations	(17,236)	1,852
Interest and other income (expense), net	(2,456)	(2,171)
Loss before provision for income taxes	(19,692)	(319)
Provision for (benefit from) income taxes	(8,938)	59
Net loss	$ (10,754)	$ (378)
Net loss per share:		
Basic and diluted	$ (0.29)	$ (0.01)
Weighted-average shares outstanding:		
Basic and diluted	36,840	35,740

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

OMNICELL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three months ended March 31,	
	2017	2016
	(In thousands)	
Net loss	$ (10,754)	$ (378)
Other comprehensive income (loss), net of reclassification adjustments:		
Unrealized gains on interest rate swap contracts	182	—
Foreign currency translation adjustments	923	(327)
Other comprehensive income (loss)	1,105	(327)
Comprehensive loss	$ (9,649)	$ (705)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

OMNICELL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three months ended March 31,	
	2017	2016
	(In thousands)	
Operating Activities		
Net loss	$ (10,754)	$ (378)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,448	14,473
Loss on disposal of fixed assets	—	13
Share-based compensation expense	5,511	3,891
Income tax benefits from employee stock plans	11	164
Deferred income taxes	(9,091)	(1,042)
Amortization of debt financing fees	397	397
Changes in operating assets and liabilities, net of business acquisitions:		
Accounts receivable	18,870	(1,070)
Inventories	(6,933)	(5,113)
Prepaid expenses	871	1,983
Other current assets	372	324
Investment in sales-type leases	1,120	(8,928)
Other long-term assets	(38)	1,232
Accounts payable	11,104	1,568
Accrued compensation	1,955	4,114
Accrued liabilities	(115)	417
Deferred revenue	1,948	12,663
Other long-term liabilities	506	(2,701)
Net cash provided by operating activities	28,182	22,007
Investing Activities		
Purchases of intangible assets, intellectual property and patents	(160)	(1,074)
Software development for external use	(4,225)	(3,070)
Purchases of property and equipment	(2,452)	(4,261)
Business acquisitions, net of cash acquired	—	(271,458)
Net cash used in investing activities	(6,837)	(279,863)
Financing Activities		
Proceeds from debt, net	—	247,059
Repayment of debt and revolving credit facility	(40,000)	(20,000)
Payment for contingent consideration	—	(3,000)
Proceeds from issuances under stock-based compensation plans	10,916	5,149
Employees' taxes paid related to restricted stock units	(1,052)	(382)
Net cash provided by (used in) financing activities	(30,136)	228,826
Effect of exchange rate changes on cash and cash equivalents	651	300
Net decrease in cash and cash equivalents	(8,140)	(28,730)
Cash and cash equivalents at beginning of period	54,488	82,217
Cash and cash equivalents at end of period	$ 46,348	$ 53,487
Supplemental disclosure of non-cash activities		
Unpaid purchases of property and equipment	$ 865	$ 468
Effect of adoption of new accounting standard	$ 1,582	$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

OMNICELL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Organization and Summary of Significant Accounting Policies

Business

Omnicell, Inc. was incorporated in California in 1992 under the name Omnicell Technologies, Inc. and reincorporated in Delaware in 2001 as Omnicell, Inc. Our major products are automated medication, supply control systems and medication adherence solutions which are sold in our principal market, which is the healthcare industry. Our market is primarily located in the United States and Europe. "Omnicell" "our", "us", "we" or the "Company" collectively refer to Omnicell, Inc. and its subsidiaries.

Basis of presentation

The accompanying unaudited Condensed Consolidated Financial Statements reflect, in the opinion of management, all adjustments, consisting of normal recurring adjustments and accruals, necessary to present fairly the financial position of the Company as of March 31, 2017 and December 31, 2016 , the results of its operations, comprehensive income (loss) and cash flows for the three months ended March 31, 2017 and March 31, 2016 . Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and accompanying Notes included in the Company's annual report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 28, 2017. The Company's results of operations, comprehensive income (loss) and cash flows for the three months ended March 31, 2017 are not necessarily indicative of results that may be expected for the year ending December 31, 2017 , or for any future period.

Principles of consolidation

The Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Certain prior year amounts have been reclassified to conform to the 2017 presentation. These reclassifications include: (i) provision for excess and obsolete inventories, and (ii) provision for the allowance for doubtful accounts have been reclassified/combined with inventories and accounts receivable within net cash provided by operating activities in the Consolidated Statements of Cash Flows. These changes are not material and do not impact previously disclosed net cash provided by operating activities, net cash used in investing activities, and net cash used by financing activities.

Additionally, see "Recently adopted authoritative guidance" for the effects of first quarter adoption of ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* .

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's Condensed Consolidated Financial Statements and accompanying Notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's best knowledge of current events and actions that may impact the Company in the future, actual results may be different from the estimates. The Company's critical accounting policies are those that affect its financial statements materially and involve difficult, subjective or complex judgments by management. Those policies are revenue recognition, accounts receivable and notes receivable from investment in sales-type leases, inventory valuation, capitalized software development costs, valuation and impairment of goodwill, purchased intangibles and long-lived assets, share-based compensation, and accounting for income taxes.

Segment reporting

The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The CODM allocates resources and evaluates the performance of the Company's segments using information about its revenues, gross profit, and income from operations. Such evaluation excludes general corporate-level costs that are not specific to either of the reportable segments and are managed separately at the corporate level. Corporate-level costs include expenses related to executive management, finance and accounting, human resources, legal, training and development, and certain administrative expenses. See Note 13, Segment and Geographical Information, for additional information on segment reporting.

Recently adopted authoritative guidance

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* . This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The provision of ASU No. 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company adopted the standard effective January 1, 2017. The impact of adoption was the recording of excess tax benefits within income tax expense, rather than in Additional Paid in Capital of $0.8 million for the three months ended March 31, 2017 . The recording of excess tax benefits within income tax expense rather than Additional Paid in Capital resulted in a $0.02 per share improvement in the net loss to $(0.29) per share. Additionally, the Company recognized the previously unrecognized excess tax benefits using the modified retrospective transition method, which resulted in a cumulative-effect adjustment of $1.6 million to retained earnings. The previously unrecognized excess tax effects were recorded as a deferred tax asset. The Company also elected to apply the change in presentation to the statements of cash flows retrospectively and no longer classifies the excess tax benefits from employee stock plans as a reduction from operating cash flows, resulting in an increase of $0.2 million in the net cash provided by operating activities and a decrease of $0.2 million in the net cash provided by financing activities for the three months ended March 31, 2016 . Additionally, on a prospective basis, the calculation of potential common shares for the dilutive earnings per share calculation (when profitable) no longer includes excess tax benefits under the Treasury buyback method, resulting in general in higher dilutive shares. Under ASU 2016-09, the Company made a policy election to continue with forfeiture estimation for expense calculation instead of the alternative of recognition only at forfeiture.

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* , which simplifies the accounting for goodwill impairment for all entities by requiring impairment charges to be based on the first step in today's two-step impairment test under ASC 350, "Intangibles-Goodwill and Other." Under the new guidance, if a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard eliminates the current ASC 350 requirement to calculate a goodwill impairment charge using Step 2. ASU 2017-14 is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The Company adopted ASU 2017-04 effective January 1, 2017. The adoption of this authoritative guidance did not have impact on the Company's Condensed Consolidated Financial Statements or related disclosures for the period presented.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations* , which clarifies the definition of a business and provides a screen to determine when a set of assets and activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This screen reduces the number of transactions that need to be further evaluated. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Company adopted ASU 2017-01 effective January 1, 2017. The adoption of this authoritative guidance did not have impact on the Company's Condensed Consolidated Financial Statements or related disclosures for the period presented.

Recently issued authoritative guidance

In May 2014, the FASB issued ASU 2014-09-Revenue from Contracts with Customers, which outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, accordingly, it is possible more judgment and estimates may be required within the revenue recognition process than is required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The FASB has recently issued several amendments to ASU 2014-09, including clarification on accounting for licenses of intellectual property and identifying performance obligations. ASU 2014-09 will be effective for the Company beginning January 1, 2018.

The two permitted transition methods under ASU 2014-09 are the full retrospective method, in which case ASU 2014-09 would be applied to each prior reporting period presented and the cumulative effect of applying ASU 2014-09 would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying ASU 2014-09 would be recognized at the date of initial application. Currently, the Company is in the process of reviewing our historical contracts to quantify the impact on its consolidated financial statements. Depending on the results of the Company's review, there could be changes to the timing of revenue recognition and certain sales commission and related costs associated with obtaining and fulfilling its customer contracts. The Company will be required to capitalize and amortize

incremental costs related to obtaining customer contracts, such as sales commission costs. The Company is also in the process of assessing the appropriate changes to its business processes and upgrading its systems and controls to support recognition and disclosure under ASU 2014-09. The Company otherwise expects to complete its assessment process, including selecting a transition method for adoption, in the next two quarters of 2017.

There was no other recently issued and effective authoritative guidance that is expected to have a material impact on the Company's Condensed Consolidated Financial Statements through the reporting date.

Note 2. Business Acquisitions

On January 5, 2016, the Company completed the acquisition of all of the membership interests of Aesynt pursuant to the Aesynt Securities Purchase Agreement. Aesynt is a provider of automated medication management systems, including dispensing robots with storage solutions, medication storage and dispensing carts and cabinets, I.V. sterile preparation robotics, and software, including software related to medication management. The total consideration was $271.5 million , net of cash on hand at signing of $8.2 million . The results of Aesynt's operations have been included in our consolidated results of operations as of the time of the acquisition, and presented as part of the Automation & Analytics segment.

On December 8, 2016, the Company completed its acquisition of ateb, Inc., and Ateb Canada Ltd. (together, "Ateb") pursuant to Ateb's Securities Purchase Agreement for $40.7 million of cash consideration, net of $0.9 million cash acquired. The cash consideration, included the repayment of Ateb indebtedness and other adjustments provided for in the Ateb's Securities Purchase Agreement. Ateb is a provider of pharmacy-based patient care solutions and the medication synchronization solutions leader to independent and chain pharmacies. The results of Ateb's operations have been included in our consolidated results of operations as of the time of the acquisition, and presented as part of the Medication Adherence segment.

The Company accounted for the acquisitions of Aesynt and Ateb in accordance with the authoritative guidance on business combinations; therefore, the tangible and intangible assets acquired and liabilities assumed were recorded at fair value on the acquisition dates, respectively.

The following table represents the allocation of the purchase price to the assets acquired and the liabilities assumed by the Company during each acquisition, respectively, reconciled to the purchase price transferred included in the Company's Consolidated Balance Sheet:

	Aesynt	Ateb (preliminary)	Total
		(in thousands)	
Cash	$ 8,164	$ 902	$ 9,066
Accounts receivable	43,312	7,905	51,217
Inventory	19,021	225	19,246
Other current assets	3,787	1,239	5,026
Total current assets	74,284	10,271	84,555
Property and equipment	10,389	2,447	12,836
Intangibles	123,700	12,500	136,200
Goodwill	163,599	20,832	184,431
Other non-current assets	968	1,009	1,977
Total assets	372,940	47,059	419,999
Current liabilities	26,753	2,314	29,067
Deferred revenue	25,512	2,776	28,288
Non-current deferred tax liabilities	38,622	—	38,622
Other non-current liabilities	2,431	367	2,798
Total liabilities	93,318	5,457	98,775
Total purchase price	**$ 279,622**	**$ 41,602**	**$ 321,224**
Total purchase price, net of cash received	$ 271,458	$ 40,700	$ 312,158

The $163.6 million of goodwill arising from the Aesynt acquisition is primarily attributed to sales of future products and services and Aesynt's assembled workforce. The goodwill has been assigned to the Automation & Analytics segment and is not deductible for tax purposes.

The $20.8 million of goodwill arising from the Ateb acquisition is primarily attributed to sales of future products and services and Ateb's assembled workforce.

Intangibles eligible for recognition separate from goodwill were those that satisfied either the contractual/legal criterion or the separability criterion in the accounting guidance. The identifiable intangible assets acquired and their estimated useful lives for amortization are as follows:

	Aesynt		Ateb	
	Fair value	Weighted average useful life	Fair value	Weighted average useful life
	(In thousands)	(In years)	(In thousands)	(In years)
Customer relationships	$ 58,200	14-16	$ 8,900	12
Developed technology	38,800	8	3,400	5
Backlog	20,200	1-3	—	—
In-process research and development [(1)]	3,900	—	—	—
Non-compete	1,800	3	100	1
Trade names	800	1	100	1
Total purchased intangible assets	$ 123,700		$ 12,500	

[(1)] The amortization of the in-process R&D assets begins when the in-process R&D projects are complete.

Aesynt Acquisition

Customer relationships represent the fair value of the underlying relationships and agreements with Aesynt’s customers, acquired developed technology represents the fair value of Aesynt products that have reached technological feasibility and were part of Aesynt’s product offerings at the date of acquisition, backlog represents the fair value of sales order backlog at the date of acquisition, non-compete intangible asset represents the fair value of non-compete agreements with former key members of Aesynt's management, and trade name represents the fair value of brand and name recognition associated with the marketing of Aesynt’s products and services. In-process research and development ("IPR&D") represents the fair value of incomplete Aesynt research and development projects that had not reached technological feasibility as of the date of acquisition. Incremental costs incurred for those projects are expensed as incurred in research and development.

The fair value of trade names, acquired developed technology, and acquired IPR&D was determined based on an income approach using the relief-from-royalty method at the royalty rates of 0.5% , 4% to 8% and 12.5% , respectively. The fair value of customer relationships, backlog, and non-compete intangible assets were determined based on an income approach using the discounted cash flow method, at the discounted rates of 13% , 10% and 13% , respectively. The intangible assets, except customer relationship and IPR&D, are being amortized over their estimated useful lives using the straight line method of amortization. The customer relationship intangible asset is being amortized using a double-declining method of amortization as such method better represents the economic benefits to be obtained. In accordance with authoritative guidance, the IPR&D is accounted for as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. IPR&D is tested for impairment during the period it is considered an indefinite lived asset. IPR&D related projects are expected to be completed in two to three years. As of March 31, 2017 , none of the IPR&D projects have been completed, and they have progressed as previously estimated.

Ateb Acquisition

Customer relationships represent the fair value of the underlying relationships and agreements with Ateb’s customers expected to result in future sales, acquired developed technology represents the fair value of Ateb intellectual property incorporated in their products, non-compete intangible asset represents the fair value of non-compete agreements with former key members of Ateb's management, and trade name represents the fair value of brand and name recognition associated with the marketing of Ateb’s products and services.

The fair value of Ateb trade names and acquired developed technology was determined based on an income approach using the relief-from-royalty method at the royalty rates of 0.5% and 5% to 6% , respectively. The fair value of customer relationships, and non-compete intangible assets were determined based on an income approach using the discounted cash flow

method, both using a 15% discount rate. The intangible assets for non-compete agreements and trade name are being amortized over their estimated useful lives using the straight line method of amortization. The intangible assets for customer relationship and developed technology are being amortized using a double-declining method of amortization as such method better represents the economic benefits to be obtained.

Note 3. Net Loss Per Share

Basic net loss per share is computed by dividing net loss for the period by the weighted-average number of shares outstanding during the period, less shares repurchased. In periods of net loss, all potential common shares are anti-dilutive, so diluted net loss per share equals the basic net loss per share. In periods of net income, diluted net income per share is computed by dividing net income for the period by the basic weighted-average number of shares plus any dilutive potential common stock outstanding during the period. Potential common stock includes the effect of outstanding dilutive stock options, restricted stock awards and restricted stock units computed using the treasury stock method. Any anti-dilutive weighted-average dilutive shares related to stock award plans are excluded from the computation of the diluted net income per share.

The calculation of basic and diluted net loss per share for the three months ended March 31, 2017 and March 31, 2016 is as follows:

	Three months ended March 31,	
	2017	2016
	(In thousands, except per share data)	
Net loss	$ (10,754)	$ (378)
Weighted-average shares outstanding — basic	36,840	35,740
Effect of dilutive securities from stock award plans	—	—
Weighted-average shares outstanding — diluted	36,840	35,740
Net loss per share - basic and diluted	$ (0.29)	$ (0.01)
Anti-dilutive weighted-average shares related to stock award plans	4,236	2,045

Note 4. Cash and Cash Equivalents and Fair Value of Financial Instruments

Cash and cash equivalents of $46.3 million and $54.5 million as of March 31, 2017 and December 31, 2016 , respectively, consisted of demand deposits only.

Fair value hierarchy

The Company measures its financial instruments at fair value. The Company’s cash equivalents are classified within Level 1 of the fair value hierarchy as they are valued primarily using quoted market prices utilizing market observable inputs. The Company's foreign currency contracts are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments. In accordance with the 2015 Avantec share purchase agreement, the Company agreed to make potential earn-out payments based on the achievement of bookings targets. Actual payments earned and paid were $3.0 million during the year ended 2016. We had $2.4 million of potential earn-out payments accrued as of March 31, 2017 . T he contingent consideration is at fair value and not subject to future accretion. The Company's contingent consideration liability is classified within Level 3, as valuation inputs which include the achievement of booking targets and the discount rate were unobservable in the market and significant to the instrument’s valuation.

The following table represents the fair value hierarchy of the Company’s financial assets and financial liabilities measured at fair value as of March 31, 2017 :

	Level 1	Level 2	Level 3	Total
	(In thousands)			
Interest rate swap contracts	$ —	$ 1,427	$ —	$ 1,427
Total financial assets	$ —	$ 1,427	$ —	$ 1,427
Contingent consideration liability	$ —	$ —	$ 2,400	$ 2,400
Total financial liabilities	$ —	$ —	$ 2,400	$ 2,400

There have been no transfers between fair value measurement levels during the three months ended March 31, 2017 and March 31, 2016 .

The following table represents the fair value hierarchy of the Company's financial assets and financial liabilities measured at fair value as of December 31, 2016 :

	Level 1	Level 2	Level 3	Total
		(In thousands)		
Interest rate swap contracts	$ —	$ 1,245	$ —	$ 1,245
Total financial assets	$ —	$ 1,245	$ —	$ 1,245
Contingent consideration liability	$ —	$ —	$ 2,400	$ 2,400
Total financial liabilities	$ —	$ —	$ 2,400	$ 2,400

Net investment in sales-type leases. The carrying amount of the Company's sales-type lease receivables is a reasonable estimate of fair value, as the unearned interest income is immaterial.

Interest Rate Swap Contracts

The Company uses interest rate swap agreements to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on a portion of its outstanding debt. The Company's interest rate swaps, which are designated as cash flow hedges, involve the receipt of variable amounts from counterparties in exchange for the Company making fixed-rate payments over the life of the agreements. The Company does not hold or issue any derivative financial instruments for speculative trading purposes.

During 2016, the Company entered into an interest rate swap agreement with a combined notional amount of $100.0 million with one counter-party that became effective on June 30, 2016 and is maturing on April 30, 2019. The swap agreement requires the Company to pay a fixed rate of 0.8% and provides that the Company will receive a variable rate based on the one month LIBOR rate subject to a LIBOR floor of 0.0% . Amounts payable by or due to the Company will be net settled with the respective counter-party on the last business day of each month, commencing July 31, 2016.

The fair value of the interest rate swap agreements at March 31, 2017 and December 31, 2016 was $1.4 million and $1.2 million , respectively. There were no amounts reclassified into current earnings due to ineffectiveness during the periods presented.

Note 5. Balance Sheet Components

Balance sheet details as of March 31, 2017 and December 31, 2016 are presented in the tables below:

	March 31, 2017	December 31, 2016
	(In thousands)	
Inventories:		
Raw materials	$ 16,698	$ 14,322
Work in process	8,114	7,800
Finished goods	51,418	47,175
Total inventories	$ 76,230	$ 69,297
Prepaid expense		
Prepaid commissions	$ 12,385	$ 13,176
Other prepaid expenses	15,390	15,470
Total prepaid expense	$ 27,775	$ 28,646

	March 31, 2017	December 31, 2016
Property and equipment:		
Equipment	$ 66,578	$ 64,384
Furniture and fixtures	6,614	6,517
Leasehold improvements	9,791	9,778
Software	35,915	35,607
Construction in progress	7,625	7,211
Property and equipment, gross	126,523	123,497
Accumulated depreciation and amortization	(85,527)	(81,486)
Total property and equipment, net	$ 40,996	$ 42,011
Other long term assets:		
Capitalized software, net	$ 35,391	$ 33,233
Other assets	1,856	1,818
Total other long term assets, net	$ 37,247	$ 35,051
Accrued liabilities:		
Advance payments from customers	$ 7,971	$ 7,030
Rebates and lease buyouts	3,905	4,025
Group purchasing organization fees	3,549	3,737
Taxes payable	3,845	4,003
Other accrued liabilities	12,136	12,400
Total accrued liabilities	$ 31,406	$ 31,195

The following table summarizes the changes in accumulated balances of other comprehensive income (loss) for the three months ended March 31, 2017 and 2016 :

	Foreign currency translation adjustments	Unrealized gain (loss) on interest rate swap hedges	Total
	(In thousands)		
December 31, 2016	$ (10,764)	$ 1,245	$ (9,519)
Other comprehensive income (loss) before reclassifications	923	176	1,099
Amounts reclassified from other comprehensive income (loss), net of tax	—	6	6
Net current-period other comprehensive income (loss), net of tax	923	182	1,105
March 31, 2017	$ (9,841)	$ 1,427	$ (8,414)

	Foreign currency translation adjustments	Unrealized gain (loss) on interest rate swap hedges	Total
	(In thousands)		
December 31, 2015	$ (2,730)	$ —	$ (2,730)
Other comprehensive income (loss) before reclassifications	(327)	—	(327)
Amounts reclassified from other comprehensive income (loss), net of tax	—	—	—
Net current-period other comprehensive income (loss), net of tax	(327)	—	(327)
March 31, 2016	$ (3,057)	$ —	$ (3,057)

Note 6. Net Investment in Sales-Type Leases

On a recurring basis, we enter into sales-type lease transactions which vary in length from one to five years. The receivables as a result of these types of transactions are collateralized by the underlying equipment leased and consist of the following components at March 31, 2017 and December 31, 2016 :

	March 31, 2017	December 31, 2016
	(In thousands)	
Net minimum lease payments to be received	$ 32,214	$ 33,591
Less: Unearned interest income portion	(2,506)	(2,763)
Net investment in sales-type leases	29,708	30,828
Less: Short-term portion [1]	(10,534)	(10,243)
Long-term net investment in sales-type leases	$ 19,174	$ 20,585

[1] The short-term portion of the net investments in sales-type leases is included in other current assets in the Condensed Consolidated Balance Sheets.

The Company evaluates its sales-type leases individually and collectively for impairment. The allowance for credit losses were $0.2 million and $0.3 million as of March 31, 2017 and of December 31, 2016 , respectively.

At March 31, 2017 , the future minimum lease payments under sales-type leases are as follows:

	March 31, 2017
	(In thousands)
Remaining nine months of 2017	$ 9,397
2018	7,988
2019	6,264
2020	4,139
2021	2,304
Thereafter	2,122
Total	$ 32,214

Note 7. Goodwill and Intangible Assets

Goodwill

The following table represents changes in the carrying amount of goodwill:

	Automation and Analytics	Medication Adherence	Total
		(In thousands)	
Net balance as of December 31, 2016	$ 215,082	$ 112,642	$ 327,724
Foreign currency exchange rate fluctuations	342	150	492
Net balance as of March 31, 2017	$ 215,424	$ 112,792	$ 328,216

Intangible assets, net

The carrying amounts of intangibles assets as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017				
	Gross carrying amount	Accumulated amortization	Foreign currency exchange rate fluctuations	Net carrying amount	Useful life (years)
			(In thousands, except for years)		
Customer relationships	$ 132,579	$ (23,974)	$ 143	$ 108,748	1 - 30
Acquired technology	73,409	(15,264)	28	58,173	3 - 20
Backlog	20,533	(14,875)	—	5,658	1 - 3
Trade names	8,607	(4,063)	5	4,549	1 - 12
Patents	3,214	(1,273)	41	1,982	2 - 20
Non-compete agreements	1,900	(783)	—	1,117	3
In-process technology	3,900	—	—	3,900	—
Total intangibles assets, net	$ 244,142	$ (60,232)	$ 217	$ 184,127	

	December 31, 2016				
	Gross carrying amount	Accumulated amortization	Foreign currency exchange rate fluctuations	Net carrying amount	Useful life (years)
	(In thousands, except for years)				
Customer relationships	$ 133,358	$ (20,930)	$ (596)	$ 111,832	1 - 30
Acquired technology	73,599	(13,287)	(159)	60,153	3 - 20
Backlog	20,550	(14,083)	—	6,467	1 - 3
Trade names	8,667	(3,887)	(31)	4,749	1 - 12
Patents	3,154	(1,264)	—	1,890	2 - 20
Non-compete agreements	1,900	(608)	—	1,292	3
In-process technology	3,900	—	—	3,900	—
Total intangibles assets, net	$ 245,128	$ (54,059)	$ (786)	$ 190,283	

Amortization expense of intangible assets was $6.5 million and $9.2 million for the three months ended March 31, 2017 and 2016 , respectively.

The estimated future amortization expenses for amortizable intangible assets are as follows:

	March 31, 2017
	(In thousands)
Remaining nine months of 2017	$ 18,591
2018	22,779
2019	17,354
2020	16,215
2021	14,861
Thereafter (excluding IPR&D)	90,427
Total	$ 180,227

Note 8. Debt

On January 5, 2016 , the Company entered into a $400 million senior secured credit facility pursuant to a credit agreement, by and among the Company, the lenders from time to time party thereto, Wells Fargo Securities, LLC, as Sole Lead Arranger and Wells Fargo Bank, National Association, as administrative agent (the “Credit Agreement”). The Credit Agreement provides for (a) a five -year revolving credit facility of $200 million (the “Revolving Credit Facility”) and (b) a five -year $200 million term loan facility (the “Term Loan Facility” and together with the Revolving Credit Facility, the “Facilities”). In addition, the Credit Agreement includes a letter of credit sub-limit of up to $10 million and a swing line loan sub-limit of up to $10 million . The Credit Agreement expires on January 5, 2021, upon which date all remaining outstanding borrowings are due and payable.

Loans under the Facilities bear interest, at the Company’s option, at a rate equal to either (a) the LIBOR Rate, plus an applicable margin ranging from 1.50% to 2.25% per annum based on the Company’s Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement), or (b) an alternate base rate equal to the highest of (i) the prime rate, (ii) the federal funds rate plus 0.50% , and (iii) LIBOR for an interest period of one month, plus an applicable margin ranging from 0.50% to 1.25% per annum based on the Company’s Consolidated Total Net Leverage Ratio (as defined in the 2016 Credit Agreement). Undrawn commitments under the Revolving Credit Facility will be subject to a commitment fee ranging from 0.20% to 0.35% per annum based on the Company’s Consolidated Total Net Leverage Ratio on the average daily unused portion of the Revolving Credit Facility. A letter of credit participation fee ranging from 1.50% to 2.25% per annum based on the Company’s Consolidated Total Net Leverage Ratio will accrue on the average daily amount of letter of credit exposure.

The Company is permitted to make voluntary prepayments at any time without payment of a premium or penalty, except for any amounts relating to the LIBOR breakage indemnity described in the Credit Agreement. The Company is required to make mandatory prepayments under the Term Loan Facility with (a) net cash proceeds from any issuances of debt (other than certain permitted debt) and (b) net cash proceeds from certain asset dispositions (other than certain asset dispositions) and insurance and condemnation events (subject to reinvestment rights and certain other exceptions). Loans under the Term Loan Facility will amortize in quarterly installments, equal to 5% per annum of the original principal amount thereof

during the first two years, which shall increase to 10% per annum during the third and fourth years, and 15% per annum during the fifth year, with the remaining balance payable on January 5, 2021. The Company is required to make mandatory prepayments under the Revolving Credit Facility if at any time the aggregate outstanding principal amount of loans together with the total amount of outstanding letters of credit exceeds the aggregate commitments, with such mandatory prepayment to be equal to the amount of such excess.

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the Company and its subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, dividends and other distributions. The Credit Agreement contains financial covenants that require the Company and its subsidiaries to not exceed a maximum consolidated total leverage ratio and maintain a minimum fixed charge coverage ratio. The Company's obligations under the Credit Agreement and any swap obligations and banking services obligations owing to a lender (or an affiliate of a lender) are guaranteed by certain of its domestic subsidiaries and secured by substantially all of its and the subsidiary guarantors' assets. In connection with entering into the Credit Agreement, and as a condition precedent to borrowing loans thereunder, the Company and certain of the Company's other direct and indirect subsidiaries have entered into certain ancillary agreements, including, but not limited to, a collateral agreement and subsidiary guaranty agreement.

On January 5, 2016, the Company borrowed the full $200.0 million under the Term Loan Facility and $55.0 million under the Revolving Credit Facility to complete the Aesynt acquisition and pay related fees and expenses. On December 2, 2016, the Company borrowed an additional $40.0 million under the Revolver Credit Facility to complete the Ateb acquisition and pay related fees and expenses. As of March 31, 2017 the Company has repaid $74.5 million borrowed under these Facilities, which includes $40.0 million repaid during the three months ended March 31, 2017.

On April 11, 2017, the parties entered into the First Amendment to Credit Agreement and Collateral Agreement. Under this amendment, (i) the maximum capital expenditures limit in any fiscal year for property, plant and equipment and software development increased from $35.0 million to $45.0 million , and (ii) the maximum limit for non-permitted investments increased from $10.0 million to $20.0 million .

In connection with these Facilities, the Company incurred $7.9 million of debt issuance costs. The debt issuance costs were capitalized and presented as a direct deduction from the carrying amount of that debt liability in accordance with the accounting guidance. The debt issuance costs are being amortized to interest expense using the straight line method from issuance date through 2021. Interest expense (exclusive of fees and issuance cost amortization) was approximately $1.5 million for the three months ended March 31, 2017 and 2016 . The Company was in full compliance with all covenants as of March 31, 2017 and December 31, 2016 .

The components of the Company's debt obligations for the three months ended March 31, 2017 are as follows:

	December 31, 2016	Borrowings	Repayment / Amortization	March 31, 2017
		(In thousands)		
Term loan facility	$ 192,500	$ —	$ (2,500)	$ 190,000
Revolving credit facility	68,000	—	(37,500)	30,500
Total debt under the facilities	260,500	—	(40,000)	220,500
Less: Deferred issuance cost	(6,359)	—	397	(5,962)
Total Debt, net of deferred issuance cost	$ 254,141	$ —	$ (39,603)	$ 214,538
Long term debt, current portion, net of deferred issuance cost	8,410			8,410
Long term debt, net of deferred issuance cost	$ 245,731			$ 206,128

As of March 31, 2017 , the carrying amount, net of deferred issuance cost, of $214.5 million approximates the comparable fair value of $217.8 million . The Company's debt facilities are classified as a Level 3 in the fair value hierarchy. The calculation of the fair value is based on a discounted cash flow model using observable market inputs and taking into consideration variables such as interest rate changes, comparable instruments, and long-term credit ratings.

Note 9. Deferred revenue

Short-term deferred revenue includes deferred revenue from product sales and service contracts, net of deferred cost of sales of $16.4 million and $14.2 million as of March 31, 2017 and December 31, 2016 , respectively. The short-term deferred revenues from product sales relate to the delivered and invoiced products, pending installation and acceptance, expected to occur within the next twelve months.

Long-term deferred revenue includes deferred revenue from service contracts of $16.0 million and $17.1 million , as of March 31, 2017 and December 31, 2016 , respectively.

Note 10. Commitments and Contingencies

Lease commitments

The Company leases office space and office equipment under operating leases. Commitments under operating leases primarily relate to leasehold property and office equipment. At March 31, 2017 , the minimum future payments on non-cancelable operating leases were as follows:

		(In thousands)
Remaining nine months of 2017	$	8,522
2018		11,389
2019		11,318
2020		7,375
2021		6,708
Thereafter		10,342
Total minimum future lease payments	$	55,654

Purchase obligations

In the ordinary course of business, the Company issues purchase orders based on its current manufacturing needs. At March 31, 2017 , the Company had non-cancelable purchase commitments of $55.6 million , which are expected to be paid within the next twelve months.

Legal Proceedings

The Company is currently involved in various legal proceedings. As required under ASC 450, *Contingencies* , the Company accrues for contingencies when it believes that a loss is probable and that it can reasonably estimate the amount of any such loss. The Company has not recorded any accrual for contingent liabilities associated with any current legal proceedings based on its belief that any potential loss, while reasonably possible, is not probable. Further, any possible range of loss in these matters cannot be reasonably estimated at this time. The Company believes that it has valid defenses with respect to legal proceedings pending against it. However, litigation is inherently unpredictable, and it is possible that cash flows or results of operations could be materially affected in any particular period by the unfavorable resolution of this contingency or because of the diversion of management's attention and the creation of significant expenses.

The Company is not a party to any legal proceedings that management believes may have a material impact on the Company's financial position or results of operations.

Note 11. Income Taxes

The Company provides for income taxes for each interim period based on the estimated annual effective tax rate for the year, adjusting for discrete items in the quarter in which they arise. The annual effective tax rate before discrete items was 39.1% and 37.0% for the three months ended March 31, 2017 and 2016 , respectively.

The 2017 annual effective tax rate differed from the statutory rate of 35% primarily due to the unfavorable impact of state income taxes, foreign rate differential, and non-deductible equity charges, which were partially offset by the domestic production activities deduction and the Federal Research & Development credit. Additionally, the Company adopted ASU 2019-16 effective January 1, 2017, as described in Note 1. The 2016 annual effective tax rate differed from the statutory rate of 35% primarily due to the favorable impact of the IRS settlement and release of tax reserves, the domestic production activities deduction, and a calculated benefit in state income taxes, offset by unfavorable items such as non-deductible transaction costs related to the Aesynt transaction, and non-deductible equity charges under ASC 740-718.

As of March 31, 2017 and December 31, 2016 , the Company had gross unrecognized tax benefits of $6.9 million and $6.5 million , respectively. It is the Company's policy to classify accrued interest and penalties as part of the unrecognized tax benefits, but to record interest and penalties in operating expense. As of March 31, 2017 and December 31, 2016 , the amount of accrued interest and penalties was $1.0 million and $0.7 million , respectively.

As of March 31, 2017 , calendar years 2011 and thereafter are open and subject to potential examination in one or more jurisdictions. However, our research credit carryforwards that may be used in future years are subject to adjustment, if and when utilized. As such our federal and California tax years remain open from 2015 and 1992, respectively. During fiscal 2016, the Internal Revenue Service and the Company settled all outstanding items related to the audit of the Company's federal income tax returns for the fiscal years ended December 31, 2014.

Although the Company believes it has adequately provided for uncertain tax positions, the provisions on these positions may change as revised estimates are made or the underlying matters are settled or otherwise resolved. It is not possible at this time to reasonably estimate changes in the unrecognized tax benefits within the next twelve months.

Note 12. Employee Benefits and Share-Based Compensation

Stock based plans

For a detailed explanation of the Company's stock plans and subsequent changes, please refer to Note 11, Employee Benefits and Stock-Based Compensation, of its Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 28, 2017.

Share-based compensation expense

The following table sets forth the total share-based compensation expense recognized in the Company's Condensed Consolidated Statements of Operations:

	Three months ended	
	March 31, 2017	March 31, 2016
	(In thousands)	
Cost of product and service revenues	$ 982	$ 549
Research and development	897	641
Selling, general and administrative	3,632	2,701
Total share-based compensation expense	$ 5,511	$ 3,891

The following weighted average assumptions are used to value stock options and Employee Stock Purchase Plan ("ESPP") shares issued pursuant to the Company's equity incentive plans for the three months ended March 31, 2017 and 2016 :

	Three months ended	
	March 31, 2017	March 31, 2016
Stock Option Plans		
Expected life, years	4.67	4.92
Expected volatility, %	31.1%	32.6%
Risk free interest rate, %	1.89%	1.40%
Estimated forfeiture rate %	7.7%	8.6%
Dividend yield, %	—%	—%

	Three months ended	
	March 31, 2017	March 31, 2016
Employee Stock Purchase Plan		
Expected life, years	0.5-2.0	0.5-2.0
Expected volatility, %	25.8-32.8%	25.8-34.8%
Risk free interest rate, %	0.52-1.31%	0.26-0.79%
Dividend yield, %	—%	—%

Stock options activity

The following table summarizes the share option activity under the Company's equity incentive plans during the three months ended March 31, 2017 :

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Years	Aggregate Intrinsic Value
	(In thousands, except per share data)			
Stock Options				
Outstanding at December 31, 2016	3,214	$ 26.06	7.3	$ 26,331
Granted	363	36.67		
Exercised	(188)	22.86		
Expired	(1)	32.59		
Forfeited	(38)	31.72		
Outstanding at March 31, 2017	3,350	$ 27.33	7.4	$ 44,631
Exercisable at March 31, 2017	1,493	$ 20.88	5.5	$ 29,519
Vested and expected to vest at March 31, 2017 and thereafter	3,168	$ 26.96	7.3	$ 43,388

The weighted-average fair value per share of options granted during the three months ended March 31, 2017 and 2016 was $10.86 and $8.51 , respectively. The intrinsic value of options exercised during the three months ended March 31, 2017 and 2016 was $2.9 million and $0.7 million , respectively.

As of March 31, 2017 , total unrecognized compensation cost related to unvested stock options was $15.4 million , which is expected to be recognized over a weighted-average vesting period of 3.0 years.

Restricted stock activity

The following table summarizes the restricted stock activity under the Company's equity incentive plans during the three months ended March 31, 2017 :

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Years	Aggregate Intrinsic Value
	(In thousands, except per share data)			
Restricted Stock Units ("RSUs")				
Outstanding at December 31, 2016	505	$ 31.42	1.6	$ 17,135
Granted	74	36.57		
Vested	(43)	28.12		
Forfeited	(9)	31.97		
Outstanding and unvested at March 31, 2017	527	$ 32.39	1.5	$ 21,418

The weighted-average grant date fair value per share of RSUs granted during the three months ended March 31, 2017 and March 31, 2016 was $36.57 and $27.77 , respectively.

As of March 31, 2017 , total unrecognized compensation expense related to RSUs was $14.0 million , which is expected to be recognized over the remaining weighted-average vesting period of 2.7 years.

	Number of Shares	Weighted-Average Grant Date Fair Value
	(In thousands, except per share data)	
Restricted Stock Awards ("RSAs")		
Outstanding at December 31, 2016	30	$ 31.57
Granted	—	
Vested	—	
Forfeited	—	
Outstanding and unvested at March 31, 2017	30	$ 31.57

As of March 31, 2017 , total unrecognized compensation cost related to RSAs was $0.1 million , which is expected to be recognized over the remaining weighted-average vesting period of 0.16 years .

Performance-based restricted stock unit activity

The following table summarizes the performance-based restricted stock activity under the Company's equity incentive plans during the three months ended March 31, 2017 :

	Number of Shares	Weighted-Average Grant Date Fair Value Per Unit
	(In thousands, except per share data)	
Performance-based Restricted Stock Units ("PSUs")		
Outstanding at December 31, 2016	184	$ 24.89
Granted	126	32.37
Vested	(31)	24.66
Forfeited	—	—
Outstanding and unvested at March 31, 2017	279	$ 28.29

The weighted-average grant date fair value per share of PSUs granted during the three months ended March 31, 2017 and 2016 was $32.37 and $24.66 , respectively. As of March 31, 2017 , total unrecognized compensation cost related to PSUs was $4.3 million , which is expected to be recognized over the remaining weighted-average period of 1.6 years.

Employee Stock Purchase Plan activity

For the three months ending March 31, 2017 and 2016, purchases under the ESPP were approximately 259,000 and 198,000 shares at weighted average prices of $25.51 and $22.74 , respectively. As of March 31, 2017 , the unrecognized compensation cost related to the shares to be purchased under the ESPP was approximately $2.9 million and is expected to be recognized over a weighted-average period of 1.1 years .

Summary of shares reserved for future issuance under equity incentive plans

The Company had the following ordinary shares reserved for future issuance under its equity incentive plans as of March 31, 2017

	Number of Shares
	(In thousands)
Share options outstanding	3,350
Non-vested restricted share awards	836
Shares authorized for future issuance	2,411
ESPP shares available for future issuance	2,572
Total shares reserved for future issuance	9,169

Stock Repurchase Program

On August 2, 2016, the Company's Board of Directors (the "Board") authorized a stock repurchase program providing for the repurchase of up to $50.0 million of the Company's common stock (the "2016 Repurchase Program"). The 2016 Repurchase Program is in addition to the stock repurchase program approved by the Board on November 4, 2014 (the "2014 Repurchase Program"). As of March 31, 2017 , the maximum dollar value of shares that may yet be purchased under the two repurchase programs was $54.9 million . The stock repurchase program does not obligate the Company to repurchase any specific number of shares, and the Company may terminate or suspend the repurchase program at any time.

During the three and three months period ended March 31, 2017 and 2016 , the Company did not repurchase any of its outstanding common stock.

Note 13. Segment and Geographical Information

The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The CODM allocates resources and evaluates the performance of the Company's segments using information about its revenues, gross profit, and income from operations. Such evaluation excludes general corporate-level costs that are not specific to either of the reportable segments and are managed separately at the corporate level. Corporate-level costs include expenses related to executive management, finance and accounting, human resources, legal, training and development, and certain administrative expenses. The two operating segments, which are the same as the Company's two reportable segments, are as follows:

Automation and Analytics

The Automation and Analytics segment is organized around the design, manufacturing, selling and servicing of medication and supply dispensing systems, pharmacy inventory management systems, and related software. The Automation and Analytics products are designed to enable the Company's customers to enhance and improve the effectiveness of the medication-use process, the efficiency of the medical-surgical supply chain, overall patient care and clinical and financial outcomes of medical facilities. Through modular configuration and upgrades, the Company's systems can be tailored to specific customer needs.

Medication Adherence

The Medication Adherence segment includes primarily the manufacturing and selling of consumable medication blister cards, packaging equipment and ancillary products and services. These products are used to manage medication administration outside of the hospital setting and include medication adherence products, which consist of proprietary medication packaging systems and related products for use by institutional pharmacies servicing long-term care, and correctional facilities or retail pharmacies serving patients in their local communities.

The following table summarizes the financial performance of the Company's reportable segments, including a reconciliation of income from segment operations to income from total operations:

	Three months ended					
	March 31, 2017			March 31, 2016		
	Automation and Analytics	Medication Adherence	Total	Automation and Analytics	Medication Adherence	Total
	(In thousands)					
Revenues	$ 124,171	$ 26,383	$ 150,554	$ 148,945	$ 22,059	$ 171,004
Cost of revenues	68,761	17,601	86,362	77,207	13,852	91,059
Gross profit	55,410	8,782	64,192	71,738	8,207	79,945
Operating expenses	50,747	11,196	61,943	52,205	5,611	57,816
Income (loss) from segment operations	$ 4,663	$ (2,414)	$ 2,249	$ 19,533	$ 2,596	$ 22,129
Corporate costs			19,485			20,277
Income (loss) from operations			$ (17,236)			$ 1,852

Significant customers

There were no customers that accounted for more than 10% of our total revenues for the three months ended March 31, 2017 and 2016 . Also, there were no customers that accounted for more than 10% of our accounts receivable as of March 31, 2017 and December 31, 2016 .

Geographical Information

Revenues

	Three months ended	
	March 31, 2017	March 31, 2016
	(In thousands)	
United States	$ 132,280	$ 143,493
Rest of world [1]	18,274	27,511
Total revenues	$ 150,554	$ 171,004

[1] No individual country represented more than 10% of the respective totals.

Property and equipment, net

	March 31, 2017	December 31, 2016
	(In thousands)	
United States	$ 35,471	$ 36,497
Rest of world [1]	5,525	5,514
Total property and equipment, net	$ 40,996	$ 42,011

[1] No individual country represented more than 10% of the respective totals.

Property and equipment, net is attributed to the geographic location in which it is located.

Note 14. Restructuring Expenses

On February 15, 2017, the Company announced its plan to reduce its workforce by approximately 100 full-time employees and close the Company's Nashville, Tennessee and Slovenia facilities. The plan is expected to be completed in fiscal year 2017. The estimated total cost for the plan is $6.5 million , which includes estimated employee severance cost of approximately $3.9 million , and facility-related cost of approximately $2.6 million . During the three months ended March 31, 2017 , the Company accrued $ 3.8 million of expenses, primarily for employee severance and related expenses, and paid out $2.1 million . The remaining unpaid balance of $1.7 million accrued expenses is presented as a component of accrued compensation in the Condensed Consolidated Balance Sheet. There were no facility-related costs incurred during the three months ended March 31, 2017 .

The following table summarizes the restructuring expense recorded in each reportable segment and income statement classification for the three months ended March 31, 2017 . There were no restructuring-related expenses recorded during the three months ended March 31, 2016 .

	Automation and Analytics	Medication Adherence	Corporate	Total
	(in thousands)			
Cost of revenue	$ 1,266	$ 431	$ —	$ 1,697
Research and development	1,006	62	—	1,068
Selling, general and administrative	480	103	417	1,000
Total	$ 2,752	$ 596	$ 417	$ 3,765

Note 15. Subsequent Event

On April 19, 2017, the Company announced the acquisition of Dixie Drawl, LLC d/b/a InPharmics ("InPharmics"), a Mississippi-based technology and services company that provides advanced pharmacy informatics solutions to hospital pharmacies, in an all-cash transaction for $5.3 million . The acquisition will expand the capabilities of Omnicell's Performance

Center™. The Company is in the process of evaluating the business combination accounting considerations, including the consideration transferred and the initial purchase price allocation.

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

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the United States Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Statements other than statements of historical facts are forward-looking statements and are contained principally in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- *our expectations regarding our future product bookings;*
- *our ability to acquire companies, businesses, products or technologies on commercially reasonable terms and integrate such acquisitions effectively;*
- *the extent and timing of future revenues, including the amounts of our current backlog, which represents firm orders that have not completed installation and therefore have not been recognized as revenue;*
- *the size or growth of our market or market share;*
- *the opportunity presented by new products, emerging markets and international markets;*
- *our ability to align our cost structure and headcount with our current business expectations;*
- *the operating margins or earnings per share goals we may set;*
- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others; and*
- *our ability to generate cash from operations and our estimates regarding the sufficiency of our cash resources;*

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would" and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events, are based on assumptions and are subject to risks and uncertainties. We discuss many of these risks in this annual report in greater detail in Part II - Item 1A. "Risk Factors" below. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this annual report. You should also read this annual report and the documents that we reference in this annual report and have filed as exhibits, completely and with the understanding that our actual future results may be materially different from what we expect. All references in this report to "Omnicell," "our," "us," "we," or the "Company" collectively refer to Omnicell, Inc., a Delaware corporation, and its subsidiaries. The term "Omnicell, Inc.," refers only to Omnicell, Inc., excluding its subsidiaries.

Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

We own various trademarks, copyrights and trade names used in our business, including the following: Omnicell ®, the Omnicell logo, OmniRx ®, OmniCenter ®, OmniSupplier ®, OmniBuyer ®, SafetyStock ®, WorkflowRx™, OmniLinkRx™, Optiflex™, SinglePointe™, AnywhereRN™, Anesthesia Workstation™, Savvy™, MTS Medication Technologies ®, the MTS Medication Technologies logo, Medlocker ®, AccuFlex ®, Autobond ™, AutoGen ™, easyBLIST™, Pandora ®, OnDemand ®, Multi-Med™, RxMap ®, MTS-350 ™, MTS-400 ™, MTS-500 ™ SureMed, ROBOT-Rx®, MedCarousel®, MedShelf-Rx™, PROmanager-Rx™, PACMED™, NarcStation™, PakPlus-Rx®, i.v.STATION™, i.v.SOFT®, Enterprise Medication Manager™, XT Anesthesia Workstation™, Performance Center™, Time My Meds ® and *Automation Decision Support™. This report also includes other trademarks, service marks and trade names of other companies. All other trademarks used in this report are trademarks of their respective holders.*

OVERVIEW

Our Business

We are a leading provider of comprehensive automation and business analytics software solutions for patient-centric medication and supply management across the entire healthcare continuum, from the acute care hospital setting to post-acute skilled nursing and long-term care facilities to the home. Our Omnicell Automation and Analytic customers worldwide use our medication automation, supply chain and analytics solutions to help enable them to increase operational efficiency, reduce errors, deliver actionable intelligence and improve patient safety.

Omnicell Medication Adherence solutions, including the MTS and Ateb brands, provide innovative medication adherence packaging solutions that can help reduce costly hospital readmissions and enable institutional and retail pharmacies worldwide to maintain high accuracy and quality standards in medication dispensing and administration while optimizing productivity and controlling costs.

We sell our product and consumable solutions together with related service offerings. Revenue generated in the United States represented 88% and 84% of total revenue for the three months ended March 31, 2017 and 2016 , respectively. We expect our revenues from international operations to increase in future periods as we continue to grow our international business. We have not sold in the past, and have no future plans to sell our products either directly or indirectly, to customers located in countries that are identified as state sponsors of terrorism by the U.S. Department of State, and are subject to economic sanctions and export controls.

Operating Segments

We manage our business as two operating segments, which are the same as our two reportable segments: Automation and Analytics, and Medication Adherence.

Automation and Analytics

The Automation and Analytics segment is organized around the design, manufacturing, selling, and servicing of medication and supply dispensing systems, pharmacy inventory management systems, and related software. Our Automation and Analytics products are designed to enable our customers to enhance and improve the effectiveness of the medication-use process, the efficiency of the medical-surgical supply chain, overall patient care and clinical and financial outcomes of medical facilities. Through modular configuration and upgrades, our systems can be tailored to specific customer needs.

Medication Adherence

The Medication Adherence segment includes the development manufacturing and selling of consumable medication blister cards, packaging equipment, pharmacy-based patient care software solutions including a medication synchronization platform, and ancillary products and services. These products are used to manage medication administration outside of the hospital setting and include medication adherence products sold under the brand name MTS, SureMed, Ateb, and the Omnicell brands. MTS products consist of proprietary medication packaging systems and related products for use by institutional pharmacies servicing long-term care and correctional facilities, or retail pharmacies serving patients in their local communities. Recently acquired Ateb is a provider of pharmacy-based patient care solutions and medication synchronization to independent and chain pharmacies.

For further description of our operating segments, refer to Note 13, Segment and Geographical Information, of the Notes to Consolidated Financial Statements in this quarterly report.

Strategy

The healthcare market is experiencing a period of substantive change. The adoption of electronic healthcare records, new regulatory constraints, and changes in the reimbursement structure have caused healthcare institutions to re-examine their operating structures, re-prioritize their investments, and seek efficiencies. We believe our customers' evolving operating environment creates challenges for any supplier, but also affords opportunities for suppliers that are able to partner with customers to help them meet the changing demands. We have, and intend to continue to, invest in the strategies which we believe have generated and will continue to generate our revenue and earnings growth, while supporting our customers' initiatives and needs. These strategies include:

- **Development of differentiated solutions.** We invest in the development of products that we believe bring patient safety and workflow efficiency to our customers' operations that they cannot get from other competing solutions. These differentiators may be as small as how a transaction operates or information provided on a report or as large as the entire automation of a workflow that would otherwise be completed manually. We intend to continue our

focus on differentiating our products, and we carefully assess our investments regularly as we strive to ensure those investments provide the solutions most valuable to our customers.

- **Deliver our solutions to new markets** . Areas of healthcare where work is done manually may benefit from our existing solutions. These areas include hospitals that continue to employ manual operations, healthcare segments of the U.S. market outside hospitals and markets outside the United States. We weigh the cost of entering these new markets against the expected benefits and focus on the markets that we believe are most likely to adopt our products.

- **Expansion of our solutions through acquisitions and partnerships.** Our acquisitions have generally been focused on automation of manual workflows or data analytics, which is the enhancement of data for our customers' decision-making processes. We believe that expansion of our product lines through acquisition and partnerships to meet our customers changing and evolving expectations is a key component to our historical and future success.

Our investments have been consistent with the strategies outlined above. To differentiate our solutions from others available in the market, in December 2016 we introduced the XT Series, our new generation of medication and supply automation that is fully integrated on our Unity enterprise platform. The XT Series includes automated medication and supply dispensing cabinets, the Anesthesia Workstation, and Controlled Substance Manager. The XT Automated Medication Cabinets have been integrated with Connect-Rx® from Aesynt, so customers in the United States who use AcuDose-Rx® cabinets can take advantage of the XT Series hardware without changing their software or server infrastructure. As part of this product introduction, we developed a new hardware and electronics architecture for the XT Series. Additionally, in February 2017 we introduced VBM 200F, an automated pharmacy solution that fills and checks SureMed® multiple medication blister cards utilizing guided light, barcode and RFID technologies to allow the filled tray to be audited throughout the entire packing process. This technology helps ensure that pharmacies have the competitive advantage to easily scale their business to help improve adherence and patient outcomes.

Consistent with our strategy to enter new markets, we have made investments in our selling, general and administrative expenses to expand our sales team and market to new customers. Our international efforts have focused primarily on Western Europe, where we sell solutions through a direct sales team in the United Kingdom, France, and Germany and through resellers in other markets; and in the Middle Eastern countries of the Arabian Peninsula. We have also expanded our sales efforts to medication adherence customers in the United States which has allowed us to sell our automated dispensing solutions and other products to this market.

Expansion of our solutions through acquisitions and partnerships include our acquisition of MTS in 2012, our acquisition of Surgichem in August 2014, our acquisitions of Mach4 and Avantec in April 2015, our acquisition of Aesynt in January 2016, our acquisition of Ateb in December 2016, and most recently, our acquisition of InPharmics in April 2017. Surgichem is a provider of medication adherence products in the United Kingdom. Mach4 is a provider of automated medication management systems to retail and hospital pharmacy customers primarily in Europe, with additional installations in China, the Middle East and Latin America. Avantec develops medication and supply automation products that complement our solutions for configurations suited to the United Kingdom marketplace, and has been the exclusive United Kingdom distributor for our medication and supply automation solutions since 2005. Aesynt is a provider of automated medication management systems, including dispensing robots with storage solutions, medication storage and dispensing carts and cabinets, I.V. sterile preparation robotics and software, including software related to medication management. Ateb is a provider of pharmacy-based patient care solutions and medication synchronization to independent and chain pharmacies. InPharmics is a technology and services company that provides advanced pharmacy informatics solutions to hospital pharmacies. We have also developed relationships with major providers of hospital information management systems with the goal of enhancing the interoperability of our products with their systems. We believe that enhanced interoperability will help reduce implementation costs, time, and maintenance for shared clients, while providing new clinical workflows designed to enhance efficiency and patient safety.

We believe that the success of our three leg strategy of differentiated products, expansion into new markets and acquisition and partnership in future periods, will be based on, among other factors:

- Our expectation that the overall market demand for healthcare services will increase as the population grows, life expectancies continue to increase and the quality and availability of healthcare services increases;

- Our expectation that the environment of increased patient safety awareness, increased regulatory control, increased demand for innovative products that improve the care experience and increased need for workflow efficiency through the adoption of technology in the healthcare industry will make our solutions a priority in the capital budgets of healthcare facilities; and

- Our belief that healthcare customers will continue to value a consultative customer experience from their suppliers.

Among other financial measures, we utilize product bookings to assess the current success of our strategies. Product bookings consist of all firm orders, as evidenced by a contract and purchase order for equipment and software, and by a purchase order for consumables. Equipment and software bookings are installable within twelve months and, other than subscription based sales, generally recorded as revenue upon customer acceptance of the installation. Consumables are recorded as revenue upon shipment to a customer or receipt by the customer, depending upon contract terms. Consumable bookings are generally recorded as revenue within one month.

In addition to product solution sales, we provide services to our customers. Our healthcare customers expect a high degree of partnership involvement from their technology suppliers throughout their ownership of the products. We provide extensive installation planning and consulting as part of every product sale and included in the initial price of the solution. Our customers' medication control systems are mission critical to their success and our customers require these systems to be functional at all times. To help assure the maximum availability of our systems, our customers typically purchase maintenance and support contracts in one, two or five year increments. As a result of the growth of our installed base of customers, our service revenues have also grown. We strive to provide the best service possible, as measured by third-party rating agencies and by our own surveys, to assure our customers continue to seek service maintenance from us.

In the future, we expect our strategies to evolve as the business environment of our customers evolves, but for our focus to remain on improving healthcare with solutions that help change the practices in ways that improve patient and provider outcomes. We expect our investment in differentiated products, new markets, and acquisitions and partnerships to continue. In 2017, we also intend to manage our business to operating profit margins similar to those achieved in 2016, bringing our strategies to bear in all the markets in which we participate.

On February 15, 2017, we announced our intention to create Centers of Excellence (“COE”) for product development, engineering and manufacturing, with the Point of Use COE located at our facilities in California, the Robotics and Central Pharmacy COE located at our facilities near Pittsburgh, Pennsylvania, and the Medication Adherence Consumables COE located at our facilities in St. Petersburg, Florida. As part of this initiative, we reduced our workforce by approximately 100 full-time employees, or about 4% of the total headcount, and will be closing our Nashville, Tennessee and Slovenia facilities. Our full-time headcount was approximately 2,361 and 2,444 on March 31, 2017 on December 31, 2016 , respectively.

Recent Acquisitions

On January 5, 2016, we completed the acquisition of all of the membership interests of Aesynt. Aesynt is a provider of automated medication management systems, including dispensing robots with storage solutions, medication storage and dispensing carts and cabinets, I.V. sterile preparation robotics and software, including software related to medication management. The purchase price consideration was $271.5 million, net of cash acquired of $8.2 million. The results of Aesynt's operations have been included in our consolidated results of operations since January 6, 2016, and presented as part of the Automation & Analytics segment.

On December 8, 2016, we completed our acquisition of ateb, Inc., and Ateb Canada Ltd. (together, “Ateb”). Ateb is a provider of pharmacy-based patient care solutions and the medication synchronization solutions leader to independent and chain pharmacies with over one million active pharmacy patients. The purchase price consideration was $40.7 million, net of cash acquired of $0.9 million. The results of Ateb's operations have been included in our consolidated results of operations beginning December 9, 2016, and presented as part of the Medication Adherence segment.

On April 19, 2017, we announced the acquisition of InPharmics, a Mississippi-based technology and services company that provides advanced pharmacy informatics solutions to hospital pharmacies in an all-cash transaction for $5.3 million. The acquisition will expand the capabilities of Omnicell’s Performance Center™. We are in the process of evaluating the business combination accounting considerations, including the consideration transferred and the initial purchase price allocation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based on our Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We regularly review our estimates and assumptions, which are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions. We believe the following critical accounting policies are affected by significant judgments and estimates used in the preparation of our Condensed Consolidated Financial Statements:

- Revenue recognition;
- Accounts receivable and notes receivable (net investment in sales-type leases);
- Inventory valuation;
- Capitalized software development cost;
- Valuation and impairment of goodwill, intangible assets and other long-lived assets;
- Business combinations;
- Valuation of share-based awards; and
- Accounting for income taxes.

There have been no material changes in the matters for which we make critical accounting estimates in the preparation of our Condensed Consolidated Financial Statements during the three months ended March 31, 2017 as compared to those disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our annual report on Form 10-K for the year ended December 31, 2016 .

Recently adopted and issued authoritative guidance

Refer to Note 1, Organization and Summary of Significant Accounting Policies, of the Notes to Condensed Consolidated Financial Statements in this quarterly report for a description of recently adopted and issued accounting pronouncements, including the expected dates of adoption and estimated effects on our results of operations, financial positions and cash flows.

RESULTS OF OPERATIONS

Total Revenues

	Three months ended March 31,			
			Change in	
	2017	2016	$	%
	(Dollars in thousands)			
Product revenues	$ 98,930	$ 127,895	$ (28,965)	(23)%
Percentage of total revenues	*66%*	*75%*		
Service and other revenues	51,624	43,109	8,515	20 %
Percentage of total revenues	*34%*	*25%*		
Total revenues	$ 150,554	$ 171,004	$ (20,450)	(12)%

Product revenues represented 66% and 75% of total revenues for the three months ended March 31, 2017 and March 31, 2016 , respectively. Product revenues decreased by $29.0 million due to decreased sales for the Automation and Analytics segment of $28.1 million, and decreased sales for the Medication Adherence segment of $0.9 million. The decrease in the Automation and Analytics segment was attributed to slower conversion of bookings and backlog into revenue as result of the introduction of the XT series products in the fourth quarter of 2016. The decrease in the Medication Adherence segment was attributed to lower sales in the consumable product sales compared to the three months ended March 31, 2016 primarily due to the timing of orders from several significant customers.

Service and other revenues represented 34% and 25% of total revenues for the three months ended March 31, 2017 and March 31, 2016 , respectively. Service and other revenues include revenues from service and maintenance contracts and rentals of automation systems. Service and other revenues increased by $8.5 million primarily due to an increase from our Automation and Analytics segment of $3.4 million attributed to higher service renewal fees driven mainly by an increase in our installed

customer base. Service and other revenues from the Medication Adherence segment increased $5.2 million, primarily attributed to Ateb, acquired in the fourth quarter of 2016, which contributed $5.5 million to the service revenue during the three months ended March 31, 2017.

Our international sales represented 12% and 16% of total revenues for the three months ended March 31, 2017 and 2016 , respectively, and are expected to be affected by foreign currency exchange rates fluctuations. The decrease in international sales was primarily related to the recently acquired companies, Aesynt and Ateb, which have a higher market presence in United States compared to international markets. We are unable to predict the extent to which revenue in future periods will be impacted by changes in foreign currency exchange rates.

We anticipate our revenues to increase in 2017 compared to 2016 as we execute on our strategies, fulfill our existing orders and based on our anticipated growth in bookings. Our ability to continue to grow revenue is dependent on our ability to continue to obtain orders from customers, our ability to produce quality consumables to fulfill customer demand, the volume of installations we are able to complete, our ability to meet customer needs by providing a quality installation experience, and our flexibility in manpower allocations among customers to complete installations on a timely basis. The timing of our product revenues for equipment is primarily dependent on when our customers' schedules allow for installations.

Financial Information by Segment

Revenues

	Three months ended March 31,			
			Change in	
	2017	2016	$	%
Revenues:	(Dollars in thousands)			
Automation and Analytics	$ 124,171	$ 148,945	$ (24,774)	(17)%
Percentage of total revenues	82%	87%		
Medication Adherence	26,383	22,059	4,324	20 %
Percentage of total revenues	18%	13%		
Total revenues	$ 150,554	$ 171,004	$ (20,450)	(12)%

The $24.8 million decrease in Automation and Analytics revenues for the three months ended March 31, 2017 in comparison to the three months ended March 31, 2016 was due to a decrease in product revenue of $28.1 million, partially offset by an increase in service revenues of $3.4 million. The decrease in the Automation and Analytics segment was attributed to slower conversion of bookings and backlog into revenue as result of the introduction of the XT series products in the fourth quarter of 2016. While we have experienced larger deal sizes, the administrative process of converting our existing bookings of G4 products into XT series products has decelerated the revenue recognition during the three months ended March 31, 2017 compared to the three months ended March 31, 2016. The service revenue increase of $3.4 million was primarily attributed to higher service renewal fees driven mainly by an increase in installed customer base.

Medication Adherence revenues increased by $4.3 million for the three months ended March 31, 2017 in comparison to the three months ended March 31, 2016 . The increase in revenue was primarily due to the increase in service revenue of $5.2 million, partially offset by the decrease of $0.9 million in product revenue attributed to lower consumable revenue due to timing of orders. The service revenue increase of $5.2 million was primarily attributed to Ateb, acquired in the fourth quarter of 2016, which contributed $5.5 million to the service revenue during the three months ended March 31, 2017.

Cost of Revenues and Gross Profit

Cost of revenues is primarily comprised of three general categories: (i) standard product costs which accounts for the majority of the product cost of revenues that are provided to customers, and are inclusive of purchased material, labor to build the product and overhead costs associated with production; (ii) installation costs as we install our equipment at the customer site and include costs of the field installation personnel, including labor, travel expense, and other expenses; and (iii) other costs, including variances in standard costs and overhead, scrap costs, rework, warranty, provisions for excess and obsolete inventory and amortization of software development costs and intangibles.

	Three months ended March 31,			
			Change in	
	2017	2016	$	%
Cost of revenues:	(Dollars in thousands)			
Automation and Analytics	$ 68,761	$ 77,207	$ (8,446)	(11)%
As a percentage of related revenues	*55%*	*52%*		
Medication Adherence	17,601	13,852	3,749	27 %
As a percentage of related revenues	*67%*	*63%*		
Total cost of revenues	$ 86,362	$ 91,059	$ (4,697)	(5)%
As a percentage of total revenues	*57%*	*53%*		
Gross profit:				
Automation and Analytics	$ 55,410	$ 71,738	$ (16,328)	(23)%
Automation and Analytics gross margin	*45%*	*48%*		
Medication Adherence	8,782	8,207	575	7 %
Medication Adherence gross margin	*33%*	*37%*		
Total gross profit	$ 64,192	$ 79,945	$ (15,753)	(20)%
Total gross margin	*43%*	*51%*		

Cost of Revenues. The cost of revenues for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 decreased by $4.7 million , of which $8.4 million was attributed to the decrease of cost of revenue in our Automation and Analytics segment, partially offset by $3.7 million of increased cost of revenue in our Medication Adherence segment. The decrease of the cost of revenue in the Automation and Analytics segment was attributed to a decrease of $24.8 million in product revenue, partially offset by severance expense of $1.3 million recognized during the three months ended March 31, 2017 in connection with the restructuring plan. The increase of the cost of revenue in the Medication Adherence segment was attributed to an increase of 20% in product revenue and severance expense of $0.4 million recognized during the three months ended March 31, 2017 in connection with the restructuring plan. Recently acquired Ateb contributed $3.1 million to the increase in cost of revenue.

Gross Profit. The gross profit for the three months ended March 31, 2017 decreased $15.8 million compared to the three months ended March 31, 2016 as a result of product mix, lower amortization of acquired intangibles of $2.3 million, partially offset by additional expense for restructuring related cost of $1.7 million, and share based compensation expense of $0.2 million.

Operating Expenses and Income (loss) from Operations

	Three months ended March 31,			
			Change in	
	2017	2016	$	%
Operating expenses:	(Dollars in thousands)			
Research and development	$ 16,803	$ 13,838	$ 2,965	21 %
As a percentage of total revenues	*11 %*	*8%*		
Selling, general and administrative	64,625	64,255	370	1 %
As a percentage of total revenues	*43 %*	*38%*		
Total operating expenses	$ 81,428	$ 78,093	$ 3,335	4 %
As a percentage of total revenues	*54 %*	*46%*		
Income (loss) from operations:				
Automation and Analytics	$ 4,663	$ 19,533	$ (14,870)	(76)%
Operating margin	*3 %*	*13%*		
Medication Adherence	(2,414)	2,596	(5,010)	(193)%
Operating margin	*(10)%*	*12%*		
Corporate Expenses	19,485	20,277	(792)	(4)%
Total income (loss) from operations	$ (17,236)	$ 1,852	$ (19,088)	(1,031)%
Total operating margin	*(11)%*	*1%*		

Research and Development. The $3.0 million increase in research and development expenses for the three months ended March 31, 2017 compared to three months ended March 31, 2016 was primarily driven by an increase in research and development expenses of $1.4 million in our Medication Adherence segment and an increase of $1.2 million for Automation and Analytics segment research and development expenses. The increase in our Medication Adherence segment was attributed to Ateb acquired in fourth quarter of 2016, which accounted for $0.8 million of the increase. The remaining increase was primarily attributed to the restructuring charges of $1.1 million recorded during the three months ended March 31, 2017.

Selling, General and Administrative . The $0.4 million increase in selling, general and administrative expenses for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was primarily due to the $4.1 million increase from our Medication Adherence segment, partially offset by the decrease of $2.6 million in our Automation and Analytics segment and the decrease of $1.1 million in corporate expenses. The increase in the Medication Adherence segment is attributed to Ateb, acquired in the fourth quarter of 2016, which contributed $3.6 million. The decrease in the Automation and Analytics segment is due to non-recurrence of the $1.7 million of transaction expenses for the Aesynt acquisition in the first quarter of 2016, lower amortization expense of acquired intangible assets from the Aesynt acquisition of approximately $0.7 million and $0.7 million in other decreased expenses, primarily labor-related, offset by an increase in restructuring charges of approximately $0.5 million. The decrease in the corporate related charges is due to overall decrease in expenses as part of cost saving initiatives.

Operating Income (Loss). Operating income from our Automation and Analytics segment decreased by $14.9 million due to the lower gross margin of $16.3 million , partially offset by lower research and development and selling, general and administrative costs of $1.5 million. Operating income from our Medication Adherence segment decreased by $5.0 million due to higher research and development and selling, general and administrative costs of $5.5 million primarily attributed to Ateb, partially offset by higher gross margin of $0.5 million.

Provision for (benefit from) Income Taxes

	Three months ended			
			Change in	
	March 31, 2017	March 31, 2016	$	%
	(Dollars in thousands)			
Provision for (benefit from) income taxes	$ (8,938)	$ 59	$ (8,997)	(15,249)%

Our annual effective tax rate before discrete items was 39.1% and 37.0% for the three months ended March 31, 2017 and 2016 , respectively. The increase in the estimated annual effective tax rate for the three months ended March 31, 2017

compared to the same period in 2016 was primarily due to an increase in our worldwide income, partially offset by federal research credit benefits. Additionally, the Company adopted ASU 2019-16 effective January 1, 2017, as described in Note 1.

LIQUIDITY AND CAPITAL RESOURCES

Our cash position and working capital at March 31, 2017 and December 31, 2016 were as follows:

	March 31, 2017	December 31, 2016
	(In thousands)	
Cash and cash equivalents	$ 46,348	$ 54,488
Working Capital	$ 96,899	$ 134,496

All of our cash and cash equivalents for these periods were invested in bank demand deposits. Our ratio of current assets to current liabilities was 1.5 :1 at March 31, 2017 compared to 1.7 :1 at December 31, 2016 .

Sources of Cash

On January 5, 2016, we entered into a $400 million secured credit facility pursuant to a credit agreement, by and among us, the lenders from time to time party thereto, Wells Fargo Securities, LLC, as sole lead arranger and Wells Fargo Bank, National Association, as administrative agent (the "Credit Agreement"). The Credit Agreement provides for a $200 million term loan facility (the "Term Loan Facility") and a $200 million revolving credit facility (the "Revolving Credit Facility" and together with the Term Loan Facility, the "Facilities"). In addition, the Credit Agreement includes a letter of credit sub-limit of up to $10 million and a swing line loan sub-limit of up to $10 million. We expect to use future loans under the Revolving Credit Facility, if any, for general corporate purposes, including acquisitions. The Credit Agreement replaced our Credit Agreement, dated September 25, 2013, by and among the Company, the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent, as amended.

Loans under the Facilities bear interest, at our option, at a rate equal to either (a) the LIBOR Rate, plus an applicable margin ranging from 1.50% to 2.25% per annum based on the our Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement), or (b) an alternate base rate equal to the highest of (i) the prime rate, (ii) the federal funds rate plus 0.50%, and (iii) LIBOR for an interest period of one month, plus an applicable margin ranging from 0.50% to 1.25% per annum based on our Consolidated Total Net Leverage Ratio (as defined in the Credit Agreement). Undrawn commitments under the Revolving Credit Facility will be subject to a commitment fee ranging from 0.20% to 0.35% per annum based on our Consolidated Total Net Leverage Ratio on the average daily unused portion of the Revolving Credit Facility. A letter of credit participation fee ranging from 1.50% to 2.25% per annum based on our Consolidated Total Net Leverage Ratio will accrue on the average daily amount of letter of credit exposure.

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to us and our subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, dividends and other distributions. The Credit Agreement contains financial covenants that require us and our subsidiaries to not exceed a maximum consolidated total leverage ratio and maintain a minimum fixed charge coverage ratio. The Credit Agreement also includes financial covenants requiring us not to exceed a maximum consolidated total leverage ratio of 3.00:1 (subject to certain exceptions) and to maintain a minimum fixed charge coverage ratio of 1.50:1.

As of March 31, 2017 , the outstanding balance from the facilities (before netting deferred issuance cost) was $220.5 million . We were in full compliance with all covenants.

Uses of Cash

Our future uses of cash are expected to be primarily for working capital, capital expenditures, loan principal and interest payments, and other contractual obligations. We also expect a continued use of cash for potential acquisitions and acquisition assessment activities.

In accordance with the 2015 Avantec share purchase agreement, we agreed to make potential earn-out payments based on the achievement of bookings targets. Payments earned and paid during the year ended December 31, 2016 were $3.0 million and payments earned by but not yet paid to sellers as of March 31, 2017 were $2.4 million.

Our stock repurchase programs have a total of $54.9 million remaining for future repurchases as of March 31, 2017, which may result in additional use of cash. See "Stock Repurchase Program" under Note 12. Employee Benefits and Share-Based Compensation, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report.

Based on our current business plan and revenue backlog, we believe that our existing cash and cash equivalents, our anticipated cash flows from operations, cash generated from the exercise of employee stock options and purchases under our employee stock purchase plan, along with the availability of funds under the Facilities will be sufficient to meet our cash needs for working capital, capital expenditures, potential acquisitions, and other contractual obligations for at least the next twelve months. For periods beyond the next twelve months, we also anticipate that our net operating cash flows plus existing balances of cash and cash equivalents will suffice to fund the continued growth of our business.

Cash Flows

The following table summarizes, for the periods indicated, selected items in our Condensed Consolidated Statements of Cash Flows (as adjusted for adoption of ASU 2016-09):

	Three months ended	
	March 31, 2017	March 31, 2016
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ 28,182	$ 22,007
Investing activities	(6,837)	(279,863)
Financing activities	(30,136)	228,826
Effect of exchange rate changes on cash and cash equivalents	651	300
Net decrease in cash and cash equivalents	$ (8,140)	$ (28,730)

Operating activities

We expect cash from our operating activities to fluctuate in future periods as a result of a number of factors, including the timing of our billings and collections, our operating results and the timing of other liability payments.

Net cash provided by operating activities was $28.2 million for the three months ended March 31, 2017 , primarily as a result of the net loss of $10.8 million adjusted for non-cash items and changes in assets and liabilities. The non-cash items primarily consisted of depreciation and amortization expense of $12.4 million , and share-based compensation expense of $5.5 million and $0.4 million of amortization of debt financing fees. The net cash inflow which was contributed to changes in assets and liabilities include (i) a decrease in accounts receivable of $18.9 million due to timing of collections, (ii) an increase in accounts payable of $11.1 million primarily due to the increase in inventory and timing of payments, (iii) an increase in accrued compensation of $2.0 million as result of the restructuring plan, (iv) an increase in deferred revenue of $1.9 million due to timing of orders and revenue being recognized for installed product, and (v) a decrease in the net investment in sales-type leases of $1.1 million . These inflows were partially offset by a decrease in deferred income tax liabilities of $9.1 million and an increase in inventories of $6.9 million for inventory build up in support of forecasted sales, particularly for the XT series.

Net cash provided by operating activities was $22.0 million for the three months ended March 31, 2016 , primarily as a result of $0.4 million in net loss adjusted for non-cash items and changes in assets and liabilities. The non-cash items primarily consisted of depreciation and amortization expense of $14.5 million , share-based compensation expense of $3.9 million and $0.4 million of amortization of debt financing fees. The cash inflow attributable to changes in assets and liabilities includes (i) an increase in deferred revenue of $12.7 million due to timing of orders and revenue being recognized for installed product, (ii) an increase in accrued liabilities including compensation of $4.5 million due to timing of payments of employee-related liabilities, (iii) a decrease in prepaid expenses of $2.0 million primarily due to prepaid income taxes of $1.8 million, (iv) an increase in accounts payables of $1.6 million due to timing of payments, and (v) decreases in other long term assets of $1.2 million and in other current assets of $0.3 million . These amounts were partially offset by increases in long-term investment in sales-type leases of $8.9 million due to two significant lease transactions entered into during the quarter, an increase in inventories of $5.1 million to support forecasted sales, a decrease in the other-long term liabilities of $2.7 million , an increase in accounts receivable of $1.1 million due to increased product shipments late in the quarter and a decrease in deferred income taxes of $1.0 million .

Investing activities

Net cash used in investing activities was $6.8 million for the three months ended March 31, 2017 , which consisted of capital expenditures of $2.5 million for property and equipment, and $4.4 million for costs of software development mainly related to the performance center project and purchase of intangibles.

Net cash used in investing activities was $279.9 million for the three months ended March 31, 2016 , $271.5 million of which was attributable to the acquisition of Aesynt, together with capital expenditures of $4.3 million for property and equipment and $4.1 million for costs of software development for external use and for purchases of intangibles.

Financing activities

Net cash used in financing activities was $30.1 million for the three months ended March 31, 2017 primarily from repayment of $40.0 million of the credit facilities and $1.1 million in employees' taxes paid related to restricted stock units, partially offset by $10.9 million in proceeds from employee stock option exercises and employee stock plan purchases.

Net cash provided by financing activities was $228.8 million for the three months ended March 31, 2016 as a result of proceeds from term loan and revolving credit facilities of $247.1 million , net of deferred issuance cost of $7.9 million , and $5.1 million in proceeds from employee stock option exercises and employee stock plan purchases. The increase in cash provided from financing activities was partially offset by repayment of $20.0 million of the revolving credit facility, and payment of contingent consideration of $3.0 million related to the Avantec acquisition.

Contractual Obligations

There have been no significant changes during the three months ended March 31, 2017 to the contractual obligations disclosed in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II, Item 7, of our annual report on Form 10-K for the year ended December 31, 2016 .

We had $331.8 million in contractual commitments to third parties for non-cancelable operating leases, commitments to contract manufacturers and suppliers, other purchase commitments and term loan and revolving credit facility as of March 31, 2017 as follows:

	Payments due by period				
	Total	Remainder of 2017	2018 and 2019	2020 and 2021	Thereafter
	(In thousands)				
Operating leases [1]	$ 55,654	$ 8,522	$ 22,707	$ 14,083	$ 10,342
Purchase obligations [2]	55,642	53,935	656	753	298
Term loan facility [3]	190,000	7,500	37,500	145,000	—
Revolving credit facility [3]	30,500	—	—	30,500	—
Total [4]	$ 331,796	$ 69,957	$ 60,863	$ 190,336	$ 10,640

[1] Commitments under operating leases relate primarily to leasehold property and office equipment.

[2] We purchase components from a variety of suppliers and use contract manufacturers to provide manufacturing services for our products. During the normal course of business, we issue purchase orders with estimates of our requirements several months ahead of the delivery dates. These amounts are associated with agreements that are enforceable and legally binding. The amounts under such contracts are included in the table above because we believe that cancellation of these contracts is unlikely and we expect to make future cash payments according to the contract terms or in similar amounts for similar materials.

[3] Amounts shown for Term loan and revolving credit facility are principal repayments only. Due to use of interest rate swaps, the cash interest expense is partly variable and partly fixed, and is not reflected in the above table. Refer to Note 8, Debt, of the Notes to the Condensed Consolidated Financial Statements included in this quarterly report.

[4] We have recorded $6.9 million for uncertain tax positions under long-term liabilities as of March 31, 2017 in accordance with U.S. GAAP. As these liabilities do not reflect actual tax assessments, the timing and amount of payments we might be required to make will depend upon a number of factors. Accordingly, as the timing and amount of payment cannot be estimated, the $6.9 million in uncertain tax position liabilities have not been included in the table above.

Off-Balance Sheet Arrangements

As of March 31, 2017 , we had no off-balance sheet arrangements as defined under Regulation S-K 303(a)(4) of the Securities Exchange Act of 1934, as amended, and the instructions thereto.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Fluctuation Risk

We are exposed to interest rate risk through our borrowing activities. As of March 31, 2017 , we had total debt under the Credit Agreement (before netting issuance costs) of $220.5 million . See Note 8, Debt, of the Notes to the Condensed Consolidated Financial Statements included in this quarterly report.

The Company uses interest rate swap agreements to protect the Company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on a portion of its outstanding debt. The Company's interest rate swaps, which are designated as cash flow hedges, involve the receipt of variable amounts from counterparties in exchange for us making fixed-rate payments over the life of the agreements. We do not hold or issue any derivative financial instruments for speculative trading purposes. During 2016, we entered into an interest rate swap agreement with a combined notional amount of $100 million with one counter-party that became effective beginning on June 30, 2016 and maturing on April 30, 2019. At March 31, 2017 , the total debt under the credit facility exposed to interest rate fluctuation risk was $120.5 million. An immediate increase of 1% in interest rate would result in $1.2 million of interest expense per year.

Our financial investments consist of cash and, at times, money market funds. The primary objective of our investment activities is to preserve principal and ensure liquidity while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes. When our investments include money market funds, we are somewhat exposed to market risk due to a fluctuation in interest rates, which may affect our interest income and the fair market value of our investments. Due to the short-term nature of our investment portfolio, we do not believe an immediate 1% change in interest rates would have a material effect on the fair market value of our portfolio, and therefore we do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates. As of March 31, 2017 and December 31, 2016 , we did not have any investments in money market funds.

Foreign Currency Exchange Risk

We operate in foreign countries which expose us to market risk associated with foreign currency exchange rate fluctuations between the U.S. dollar and various foreign currencies, the most significant of which is the British Pound. In order to manage foreign currency risk, at times we enter into foreign exchange forward contracts to mitigate risks associated with changes in spot exchange rates of mainly non-functional currency denominated assets or liabilities of our foreign subsidiaries. In general, the market risk related to these contracts is offset by corresponding gains and losses on the hedged transactions. By working only with major banks and closely monitoring current market conditions, we seek to limit the risk that counterparties to these contracts may be unable to perform. We do not enter into derivative contracts for trading purposes. As of March 31, 2017 and December 31, 2016 , we did not have any outstanding foreign exchange forward contracts.

There have been no significant changes in our market risk exposures during the three months ended March 31, 2017 as compared to the market risk exposures disclosed in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II, Item 7A, of our annual report on Form 10-K for the year ended December 31, 2016 .

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of the end of the period covered by this report. These disclosure controls and procedures are designed to ensure that the information required to be disclosed by us in this report was (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

Limitations on Effectiveness of Controls

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control system is designed to provide reasonable assurance regarding the preparation and fair presentation of financial statements for external purposes in accordance with U.S. GAAP. All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable assurance that the objectives of the internal control system are met.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the three months ended March 31, 2017 .

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth under "Legal Proceedings" in Note 10, Commitments and Contingencies, of the Notes to the Condensed Consolidated Financial Statements included in this quarterly report is incorporated herein by reference.

ITEM 1A. RISK FACTORS

We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition or results of operations. Our business faces significant risks and the risks described below may not be the only risks we face. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations. If any of these risks occur, our business, results of operations or financial condition could suffer and the market price of our common stock could decline.

In assessing these risks, you should also refer to other information contained in this quarterly report on Form 10-Q, including our Condensed Consolidated Financial Statements and related Notes. We have marked with an asterisk (*) those risks, when applicable, that reflect substantive changes from, or additions to, the risks described in our annual report on Form 10-K for the year ended December 31, 2016 .

The acquisitions of Aesynt and Ateb could cause disruptions in our business, which could have an adverse effect on our financial results.

On January 5, 2016, we completed the acquisition of Aesynt (the "Aesynt Acquisition"), a provider of automated medication management systems, including dispensing robots with storage solutions, medication storage and dispensing carts and cabinets, I.V. sterile preparation robotics and software, including software related to medication management. On December 8, 2016, we completed the acquisition of Ateb ("the Ateb Acquisition"), a provider of pharmacy-based patient care solutions and medication synchronization to independent and chain pharmacies. Uncertainty about the effect of the acquisitions on employees, customers, distributors, partners and suppliers may have an adverse effect on the combined company. These uncertainties may impair our ability to retain and motivate key personnel and could cause customers, distributors, suppliers, partners and others with whom we do business to seek to change existing business relationships. Any such change may materially and adversely affect our business. Any disruption in our operations could adversely affect the combined company’s ability to maintain relationships with customers, distributors, partners, suppliers and employees or to achieve the anticipated benefits of the acquisition.

***We may not be able to successfully integrate acquired businesses or technologies into our existing business, including those of Aesynt, Ateb and InPharmics, which could negatively impact our operating results. **

As a part of our business strategy we may seek to acquire businesses, technologies or products in the future. For example, in August 2014, we acquired Surgichem Limited, in April 2015, we acquired Mach4 and the entire remaining issued share capital of Avantec not previously owned by us, in January 2016, we acquired Aesynt, in December 2016, we acquired Ateb and in April 2017, we acquired InPharmics. We cannot provide assurance that any acquisition or any future transaction we complete will result in long-term benefits to us or our stockholders, or that our management will be able to integrate or manage the acquired business effectively. Acquisitions entail numerous risks, including difficulties associated with the integration of operations, technologies, products and personnel that, if realized, could harm our operating results. Risks related to potential acquisitions include, but are not limited to:

- difficulties in combining previously separate businesses into a single unit and the complexity of managing a more dispersed organization as sites are acquired;
- complying with international labor laws that may restrict our ability to right-size organizations and gain synergies across acquired operations;
- complying with regulatory requirements, such as those of the Food and Drug Administration, that we were not previously subject to;
- the substantial costs that may be incurred and the substantial diversion of management's attention from day-to-day business when evaluating and negotiating such transactions and then integrating an acquired business;
- discovery, after completion of the acquisition, of liabilities assumed from the acquired business or of assets acquired that are broader in scope and magnitude or are more difficult to manage than originally assumed;

- failure to achieve anticipated benefits such as cost savings and revenue enhancements;
- difficulties related to assimilating the products or key personnel of an acquired business;
- failure to understand and compete effectively in markets in which we have limited previous experience; and
- difficulties in integrating newly acquired products and solutions into a logical offering that our customers understand and embrace.

Successful integration of acquired operations, products and personnel into Omnicell may place a significant burden on the combined company's management and internal resources. We may also experience difficulty in effectively integrating the different cultures and practices of any acquired entity. The challenges of integrating acquired entities could disrupt the combined company's ongoing business, distract its management focus from other opportunities and challenges, and increase expenses and working capital requirements. The diversion of management attention and any difficulties encountered in the transition and integration process could harm our business, financial condition and operating results.

We may fail to realize the potential benefits of recently acquired businesses.

In 2016 we acquired Aesynt and Ateb, and in April 2017 we acquired InPharmics, in an effort to realize certain potential benefits, including expansion of the combined businesses and broader market opportunities. However, our ability to realize these potential benefits depends on our successfully combining the businesses of Omnicell, Aesynt, Ateb and InPharmics. The combined company may fail to realize the potential benefits of the acquisition for a variety of reasons, including the following:

- inability or failure to expand bookings and sales;
- inability to maintain business relationships with customers and suppliers of newly acquired companies, such as Ateb and InPharmics, due to post-acquisition disruption;
- inability or failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined company;
- inability or failure to successfully integrate and harmonize financial reporting and information technology systems;
- inability or failure to achieve the expected operational and cost efficiencies; and
- loss of key employees.

The actual integration may result in additional and unforeseen expenses or delays. If we are not able to successfully integrate the acquired businesses and their operations, or if there are delays in combining the businesses, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected.

If we fail to develop new products or enhance our existing products to react to rapid technological change and market demands in a timely and cost-effective manner, or if newly developed solutions, such as our XT Series, are not adopted in the same time frame and/or quantity as we anticipate, our business will suffer.

We must develop new products or enhance our existing products with improved technologies to meet rapidly evolving customer requirements. We are constantly engaged in the development process for next generation products, and we need to successfully design our next generation and other products for customers who continually require higher performance and functionality at lower costs. The development process for these advancements is lengthy and usually requires us to accurately anticipate technological innovations and market trends. Developing and enhancing these products can be time-consuming, costly and complex. Our ability to fund product development and enhancements partially depends on our ability to generate revenues from our existing products.

There is a risk that these developments, such as our XT Series, or enhancements, will be late, will have technical problems, fail to meet customer or market specifications and will not be competitive with other products using alternative technologies that offer comparable performance and functionality. We may be unable to successfully develop additional next generation products, new products or product enhancements. Our next generation products, such as our XT Series, or any new products, such as our M5000 and VBM 200/F packaging equipment for multimedication blister cards, or product enhancements may not be accepted in new or existing markets. Our business will suffer if we fail to continue to develop and introduce new products or product enhancements in a timely manner or on a cost-effective basis.

We have incurred substantial debt, which could impair our flexibility and access to capital and adversely affect our financial position.

In connection with the Aesynt Acquisition, we entered into a $400.0 million senior secured credit facility pursuant to a credit agreement, by and among us, the lenders from time to time party thereto, Wells Fargo Securities, LLC, as sole lead arranger and Wells Fargo Bank, National Association, as administrative agent (the "Credit Agreement"). The Credit Agreement provides for a $200.0 term loan facility and a $200.0 million revolving credit facility. At the closing of the Aesynt Acquisition, we incurred $255.0 million in secured debt under the Credit Agreement, consisting of $200.0 million of term loans and $55.0 million of revolving loans. In December 2016, we withdrew an additional $40.0 million from the revolving credit facility. As of March 31, 2017 , $74.5 million of the credit facilities has been paid off. The remaining loan balances at March 31, 2017 were $190.0 million of term loans and $30.5 million of revolving loans.

Our debt may:

- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

Our ability to meet our debt service obligations will depend on our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control. If we do not have sufficient funds to meet our debt service obligations, we may be required to refinance or restructure all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can assure you that we would be able to do in a timely manner, or at all.

In addition, the Credit Agreement includes customary restrictive covenants that impose operating and financial restrictions on us, including restrictions on our ability to take actions that could be in our best interests. These restrictive covenants include operating covenants restricting, among other things, our ability to incur additional indebtedness, effect certain acquisitions or make other fundamental changes. The Credit Agreement also includes financial covenants requiring us not to exceed a maximum consolidated total leverage ratio of 3.00:1 (subject to certain exceptions) and to maintain a minimum fixed charge coverage ratio of 1.50:1. Our failure to comply with any of the covenants that are included in the Credit Agreement could result in a default under the terms of the Credit Agreement, which could permit the lenders to declare all or part of any outstanding borrowings to be immediately due and payable, or to refuse to permit additional borrowings under the revolving loan facility, which could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions to take advantage of certain business opportunities that may be presented to us. In addition, if we are unable to repay those amounts, the administrative agent and the lenders under the Credit Agreement could proceed against the collateral granted to them to secure that debt, which would seriously harm our business.

If goodwill or other intangible assets that we recorded in connection with the Aesynt and Ateb Acquisitions, or have recorded in connection with prior acquisitions, become impaired, we could be required to take significant charges against earnings.

In connection with the accounting for the Aesynt and Ateb Acquisitions in 2016, we recorded a significant amount of goodwill and other intangible assets, and we maintain significant goodwill and other intangible assets relating to prior acquisitions, such as our acquisitions of MTS, Avantec and Mach4. As of March 31, 2017 , we had recorded approximately $510.4 million net, in goodwill and intangible assets in connection with past acquisitions. Under U.S. generally accepted accounting principles ("GAAP"), we must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets has been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect our results of operations and shareholders' equity in future periods.

Unfavorable economic and market conditions, a decreased demand in the capital equipment market and uncertainty regarding the rollout of government legislation in the healthcare industry could adversely affect our operating results.

Customer demand for our products is significantly linked to the strength of the economy. If decreases in demand for capital equipment caused by weak economic conditions and decreased corporate and government spending, including any effects of fiscal budget balancing at the federal level, deferrals or delays of capital equipment projects, longer time frames for capital equipment purchasing decisions or generally reduced expenditures for capital solutions occurs, we will experience decreased revenues and lower revenue growth rates and our operating results could be materially and adversely affected.

Additionally, as the U.S. Federal Government implements healthcare reform legislation, and as Congress, regulatory agencies and other state governing organizations continue to review and assess additional healthcare legislation and regulations, there may be an impact on our business. Healthcare facilities may decide to postpone or reduce spending until the implications of such healthcare enactments are more clearly understood, which may affect the demand for our products and harm our business.

The medication management and supply chain solutions market is highly competitive and we may be unable to compete successfully against new entrants and established companies with greater resources and/or existing business relationships with our current and potential customers.

The medication management and supply chain solutions market is intensely competitive. We expect continued and increased competition from current and future competitors, many of which have significantly greater financial, technical, marketing and other resources than we do. Our current direct competitors in the medication management and supply chain solutions market include Becton Dickinson/CareFusion Corporation, ARxIUM (through its acquisition of MedSelect, Inc. and Automed), Cerner Corporation, Talyst, Inc., Emerson Electronic Co. (through its acquisition of medDispense, L.P.), Swisslog Holding AG (which was acquired by KUKA), WaveMark Inc., ParExcellence Systems, Inc., Vanas N.V., Infor (formally Lawson Software, Inc.), Willach Pharmacy Solutions, DIH Technologies Co., Yuyama Co., Ltd, Robopharma B.V., Apostore GmbH, KIS Steuerungstechnik GmbH and Suzhou Iron Technology (China). Our current direct competitors in the medication packaging solutions market include Drug Package, Inc., AutoMed Technologies, Inc. (a subsidiary of ARxIUM), Manchac Technologies, LLC (through its Dosis product line) and RX Systems, Inc. in the United States, and Jones Packaging Ltd., Synergy Medical Systems, Manrex Ltd, Global Factories B.V. and WebsterCare outside the United States.

The competitive challenges we face in the medication management and supply chain solutions market include, but are not limited to, the following:

- certain competitors may offer or have the ability to offer a broader range of solutions in the marketplace that we are unable to match;
- certain competitors may develop alternative solutions to the customer problems our products are designed to solve that may provide a better customer outcome or a lower cost of operation;
- certain competitors may develop new features or capabilities for their products not previously offered that could compete directly with our products;
- competitive pressures could result in increased price competition for our products and services, fewer customer orders and reduced gross margins, any of which could harm our business;
- current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including larger, more established healthcare supply companies, such as the acquisition of CareFusion Corporation by Becton Dickenson Corporation, thereby increasing their ability to develop and offer a broader suite of products and services to address the needs of our prospective customers;
- our competitive environment is currently experiencing a significant degree of consolidation which could lead to competitors developing new business models that require us to adapt how we market, sell or distribute our products;
- other established or emerging companies may enter the medication management and supply chain solutions market with products and services that are preferred by our current and potential customers based on factors such as features, capabilities or cost;
- our competitors may develop, license or incorporate new or emerging technologies or devote greater resources to the development, promotion and sale of their products and services than we do;

- certain competitors have greater brand name recognition and a more extensive installed base of medication and supply dispensing systems or other products and services than we do, and such advantages could be used to increase their market share;

- certain competitors may have existing business relationships with our current and potential customers, which may cause these customers to purchase medication and supply dispensing systems or automation solutions from these competitors; and

- our competitors may secure products and services from suppliers on more favorable terms or secure exclusive arrangements with suppliers or buyers that may impede the sales of our products and services.

Any reduction in the demand for or adoption of our medication and supply systems, related services, or consumables would reduce our revenues.

Our medication and supply dispensing systems represent only one approach to managing the distribution of pharmaceuticals and supplies at acute healthcare facilities and our medication packaging systems represent only one way of managing medication distribution at non-acute care facilities. While a significant portion of domestic acute care facilities have adopted some level of medication and/or supply automation, a significant portion of domestic and international healthcare facilities still use traditional approaches in some form that do not include fully automated methods of medication and supply management. As a result, we must continuously educate existing and prospective customers about the advantages of our products, which requires significant sales efforts, particularly when we are seeking to replace an incumbent supplier of medication and supply automation solutions and can cause longer sales cycles. Despite our significant efforts and extensive time commitments in sales to healthcare facilities, we cannot be assured that our efforts will result in sales to these customers.

In addition, our medication and supply dispensing systems and our more complex automated packaging systems typically represent a sizable initial capital expenditure for healthcare organizations. Changes in the budgets of these organizations and the timing of spending under these budgets can have a significant effect on the demand for our medication and supply dispensing systems and related services. These budgets are often supported by cash flows that can be negatively affected by declining investment income and influenced by limited resources, increased operational and financing costs, macroeconomic conditions such as unemployment rates and conflicting spending priorities among different departments. Any decrease in expenditures by healthcare facilities or increased financing costs could decrease demand for our medication and supply dispensing systems and related services and reduce our revenues.

Changing customer requirements could decrease the demand for our products and services and our new product solutions may not achieve market acceptance.

The medication management and supply chain solutions market is characterized by evolving technologies and industry standards, frequent new product introductions and dynamic customer requirements that may render existing products obsolete or less competitive. The medication management and supply chain solutions market could erode rapidly due to unforeseen changes in the features and functions of competing products, as well as the pricing models for such products. Our future success will depend in part upon our ability to enhance our existing products and services and to develop and introduce new products and services to meet changing customer requirements. The process of developing products and services such as those we offer is extremely complex and is expected to become increasingly more complex and expensive in the future as new technologies are introduced. If we are unable to enhance our existing products or develop new products to meet changing customer requirements, and bring such enhancements and products to market in a timely manner, demand for our products could decrease.

We cannot provide assurance that we will be successful in marketing any new products or services that we introduce, that new products or services will compete effectively with similar products or services sold by our competitors, or that the level of market acceptance of such products or services will be sufficient to generate expected revenues and synergies with our other products or services. For example, we recently announced our new XT Series solutions, and, while the initial customer response has been positive, we cannot guarantee that demand, particularly in the near term, will meet our expectations. In addition, our M5000 and VBM 200/F automated pharmacy solutions for multi-medication blister card packaging are also new to the market. Deployment of new products or services often requires interoperability with other Omnicell products or services as well as with healthcare facilities' existing information management systems. If these products or services fail to satisfy these demanding technological objectives, our customers may be dissatisfied and we may be unable to generate future sales.

The healthcare industry faces financial constraints and consolidation that could adversely affect the demand for our products and services.

The healthcare industry has faced, and will likely continue to face, significant financial constraints. U.S. government legislation such as the American Recovery and Reinvestment Act of 2009, the Patient Protection and Affordable Care Act of

2010, the Budget Control Act of 2011, and other health reform legislation, or the repeal of any such legislation may cause customers to postpone purchases of our products due to reductions in federal healthcare program reimbursement rates and/or needed changes to their operations in order to meet the requirements of legislation. Our automation solutions often involve a significant financial commitment from our customers and, as a result, our ability to grow our business is largely dependent on our customers' capital and operating budgets. To the extent legislation promotes spending on other initiatives or healthcare providers spending declines or increases more slowly than we anticipate, demand for our products and services could decline.

Many healthcare providers have consolidated to create larger healthcare delivery organizations in order to achieve greater market power. If this consolidation continues, it would increase the size of certain target customers, which could increase the cost, effort and difficulty in selling our products to such target customers, or could cause our existing customers or potential new customers to begin utilizing our competitors' products if such customers are acquired by healthcare providers that prefer our competitors' products to ours. In addition, the resulting organizations could have greater bargaining power, which may lead to price erosion.

Demand for our consumable medication packages is time-sensitive and if we are not able to supply the demand from our institutional and retail pharmacy customers on schedule and with quality packaging products, they may use alternative means to distribute medications to their customers.

Approximately 12% of our revenue is generated from the sale of consumable medication packages, which are produced in our St. Petersburg, Florida facilities on a continuous basis and shipped to our institutional pharmacy and retail pharmacy customers shortly before they are required by those customers. The demands placed on institutional pharmacies and retail pharmacies by their customers represent real time requirements of those customers. Our customer agreements for the sale of consumable medication packages are typically short-term in nature and typically do not include any volume commitments on the part of the customer. Although our packaging may be considered the preferred method of maintaining control of medications during the medication distribution and administration process, institutional and retail pharmacies have alternative methods of distributing medications, including bulk and alternative packaging, and medication adherence packaging may be supplied by our competitors. To the extent that we are unable to supply quality packaging to our customers in a timely manner, that demand will be met via alternative distribution methods, including consumable medication packaging sold by our competitors, and our revenue will decline. Any disruption in the production capabilities of our St. Petersburg facilities will adversely affect our ability to ship our consumable medication packages and would reduce our revenue.

Our international operations may subject us to additional risks that can adversely affect our operating results.

We currently have operations outside of the United States, including sales efforts centered in Canada, Europe, the Middle East and Asia-Pacific regions and supply chain efforts in Asia. We intend to continue to expand our international operations, particularly in certain markets that we view as strategic, including China and the Middle East. Our international operations subject us to a variety of risks, including:

- our reliance on distributors for the sale and post-sale support of our automated dispensing systems outside the United States and Canada;
- the difficulty of managing an organization operating in various countries;
- political sentiment against international outsourcing of production;
- reduced protection for intellectual property rights, particularly in jurisdictions that have less developed intellectual property regimes;
- changes in foreign regulatory requirements;
- the requirement to comply with a variety of international laws and regulations, including privacy, labor, import, export, environmental standards, tax, anti-bribery and employment laws and changes in tariff rates;
- fluctuations in currency exchange rates and difficulties in repatriating funds from certain countries;
- additional investment, coordination and lead-time necessary to successfully interface our automation solutions with the existing information systems of our customers or potential customers outside of the United States; and
- political unrest, terrorism and the potential for other hostilities in areas in which we have facilities.

If we are unable to anticipate and address these risks properly, our business or operating results will be harmed.

When we experience delays in installations of our medication and supply dispensing systems or our more complex medication packaging systems, resulting in delays in our ability to recognize revenue, our competitive position, results of operations and financial condition could be harmed.

The purchase of our medication and supply dispensing systems or our more complex medication packaging systems is often part of a customer's larger initiative to re-engineer its pharmacy and their distribution and materials management systems. As a result, our sales cycles are often lengthy. The purchase of our systems often entail larger strategic purchases by customers that frequently require more complex and stringent contractual requirements and generally involve a significant commitment of

management attention and resources by prospective customers. These larger and more complex transactions often require the input and approval of many decision-makers, including pharmacy directors, materials managers, nurse managers, financial managers, information systems managers, administrators, lawyers and boards of directors. In addition, new product announcements, such as that of our new XT Series, can cause a delay in our customers' decision to purchase our products or convert orders from our older products to those of our newer products, such as the XT Series. For these and other reasons, the sales cycle associated with the sale of our medication and supply dispensing systems is often lengthy and subject to a number of delays over which we have little or no control. A delay in, or loss of, sales of our medication and supply dispensing systems could have an adverse effect upon our operating results and could harm our business.

In addition, and in part as a result of the complexities inherent in larger transactions, the time between the purchase and installation of our systems can range from two weeks to one year. Delays in installation can occur for reasons that are often outside of our control. We have also experienced fluctuations in our customer and transaction size mix, which makes our ability to forecast our product bookings more difficult. The introduction of our XT Series and our ability to manufacture sufficient quantities, to meet our customers' installation schedules, has increased these forecasting difficulties. Because we recognize revenue for our medication and supply dispensing systems and our more complex medication packaging systems only upon installation at a customer's site, any delay in installation by our customers will also cause a delay in the recognition of the revenue for that system.

Government regulation of the healthcare industry could reduce demand for our products, or substantially increase the cost to produce our products.

The manufacture and sale of most of our current products are not regulated by the FDA, or the Drug Enforcement Administration ("DEA"). Through our acquisition of Aesynt, we now have a Class I, 510(k) exempt medical device that is subject to FDA regulation and will require compliance with the FDA Quality System Regulation as well as medical device reporting. Additional products may be regulated in the future by the FDA, DEA or other federal agencies due to future legislative and regulatory initiatives or reforms. Direct regulation of our business and products by the FDA, DEA or other federal agencies could substantially increase the cost to produce our products and increase the time required to bring those products to market, reduce the demand for our products and reduce our revenues. In addition, healthcare providers and facilities that use our equipment and dispense controlled substances are subject to regulation by the DEA. The failure of these providers and facilities to comply with DEA requirements, including the Controlled Substances Act and its implementing regulations, could reduce demand for our products and harm our competitive position, results of operations and financial condition. Pharmacies are regulated by individual state boards of pharmacy that issue rules for pharmacy licensure in their respective jurisdictions. State boards of pharmacy do not license or approve our medication and supply dispensing systems; however, pharmacies using our equipment are subject to state board approval. The failure of such pharmacies to meet differing requirements from a significant number of state boards of pharmacy could decrease demand for our products and harm our competitive position, results of operations and financial condition. Similarly, hospitals must be accredited by The Joint Commission in order to be eligible for Medicaid and Medicare funds. The Joint Commission does not approve or accredit medication and supply dispensing systems; however, disapproval of our customers' medication and supply dispensing management methods and their failure to meet The Joint Commission requirements could decrease demand for our products and harm our competitive position, results of operations and financial condition.

While we have implemented a Privacy and Use of Information Policy and adhere to established privacy principles, use of customer information guidelines and related federal and state statutes, we cannot assure you that we will be in compliance with all federal and state healthcare information privacy and security laws that we are directly or indirectly subject to, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Among other things, this legislation required the Secretary of Health and Human Services to adopt national standards governing the conduct of certain electronic health information transactions and protecting the privacy and security of personally identifiable health information maintained or transmitted by "covered entities," which include pharmacies and other healthcare providers with which we do business.

The standards adopted to date include, among others, the "Standards for Privacy of Individually Identifiable Health Information," which restrict the use and disclosure of personally identifiable health information by covered entities, and the "Security Standards," which require covered entities to implement administrative, physical and technical safeguards to protect the integrity and security of certain electronic health information. Under HIPAA, we are considered a "business associate" in relation to many of our customers that are covered entities, and as such, most of these customers have required that we enter into written agreements governing the way we handle and safeguard certain patient health information we may encounter in providing our products and services and may impose liability on us for failure to meet our contractual obligations. Further, pursuant to changes in HIPAA under the American Recovery and Reinvestment Act of 2009 ("ARRA"), we are now also covered under HIPAA similar to other covered entities and in some cases, subject to the same civil and criminal penalties as a covered entity. A number of states have also enacted privacy and security statutes and regulations that, in some cases, are more

stringent than HIPAA and may also apply directly to us. If our past or present operations are found to violate any of these laws, we may be subject to fines, penalties and other sanctions.

Following the theft in November 2012 of Omnicell electronic device containing customer medical dispensing cabinets log files, we were subject to a putative class action complaint. The complaint was subsequently dismissed without prejudice and plaintiff failed to file an appeal within the requisite deadlines. There is no guarantee that, if we are involved in any similar litigation in the future, such an outcome will result. Any similar unauthorized disclosure of personal health information could cause us to experience contractual indemnification obligations under business associate agreements with certain customers, litigation against us, reputational harm and a reduction in demand from our customers. To the extent that this disclosure is deemed to be a violation of HIPAA or other privacy or security laws, we may be subject to significant fines, penalties and other sanctions.

In addition, we cannot predict the potential impact of future HIPAA standards and other federal and state privacy and security laws that may be enacted at any time on our customers or on Omnicell. These laws could restrict the ability of our customers to obtain, use or disseminate patient information, which could reduce the demand for our products or force us to redesign our products in order to meet regulatory requirements.

In the past, we have experienced substantial fluctuations in customer demand, and we cannot be sure that we will be able to respond proactively to future changes in customer demand.

Our ability to adjust to fluctuations in our revenue while still achieving or sustaining profitability is dependent upon our ability to manage costs and control expenses. If our revenue increases or decreases rapidly, we may not be able to manage these changes effectively. Future growth is dependent on the continued demand for our products, the volume of installations we are able to complete, our ability to continue to meet our customers' needs and provide a quality installation experience and our flexibility in manpower allocations among customers to complete installations on a timely basis.

Regarding our expenses, our ability to control expense is dependent on our ability to continue to develop and leverage effective and efficient human and information technology systems, our ability to gain efficiencies in our workforce through the local and worldwide labor markets and our ability to grow our outsourced vendor supply model. Our expense growth rate may equal or exceed our revenue growth rate if we are unable to streamline our operations, incur significant R&D expenses prior to, or without recognizing the benefits, of those solutions under development, incur acquisition-related integration expenses greater than those we anticipate, or fail to reduce the costs or increase the margins of our products. In addition, we may not be able to reduce our expenses to keep pace with any reduction in our revenue, which could harm our results of operations and financial position.

Covenants in our credit agreement restrict our business and operations in many ways and if we do not effectively manage our compliance with these covenants, our financial conditions and results of operations could be adversely affected.

The Credit Agreement contains various customary covenants that limit our ability and/or our subsidiaries' ability to, among other things:

- incur or assume liens or additional debt or provide guarantees in respect of obligations or other persons;
- issue redeemable preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase certain debt;
- make loans, investments, acquisitions (including acquisitions of exclusive licenses) and capital expenditures;
- enter into agreements that restrict distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- enter into certain transactions with affiliates; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

The Credit Agreement also includes financial covenants requiring us not to exceed a maximum consolidated total leverage ratio of 3.00:1 (subject to certain exceptions) and to maintain a minimum fixed charge coverage ratio of 1.50:1. Our ability to comply with these financial covenants may be affected by events beyond our control. Our failure to comply with any of the covenants under the Credit Agreement could result in a default under the terms of the Credit Agreement, which could permit the administrative agent or the lenders to declare all or part of any outstanding borrowings to be immediately due and

payable, or to refuse to permit additional borrowings under the revolving credit facility, which could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions to take advantage of certain business opportunities that may be presented to us. In addition, if we are unable to repay those amounts, the administrative agent and the lenders under the Credit Agreement could proceed against the collateral granted to them to secure that debt, which would seriously harm our business.

If we are unable to recruit and retain skilled and motivated personnel, our competitive position, results of operations and financial condition could be harmed.

Our success is highly dependent upon the continuing contributions of our key management, sales, technical and engineering staff. We believe that our future success will depend upon our ability to attract, train and retain highly skilled and motivated personnel. As more of our products are installed in increasingly complex environments, greater technical expertise will be required. As our installed base of customers increases, we will also face additional demands on our customer service and support personnel, requiring additional resources to meet these demands. We may experience difficulty in recruiting qualified personnel. Competition for qualified technical, engineering, managerial, sales, marketing, financial reporting and other personnel can be intense and may not be successful in attracting and retaining qualified personnel. Competitors have in the past attempted, and may in the future attempt, to recruit our employees.

In addition, we have historically used stock options, restricted stock units and other forms of equity compensation as key components of our employee compensation program in order to align employees' interests with the interests of our stockholders, encourage employee retention and provide competitive compensation packages. The effect of managing share-based compensation expense and minimizing shareholder dilution from the issuance of new shares may make it less favorable for us to grant stock options, restricted stock units or other forms of equity compensation, to employees in the future. In order to continue granting equity compensation at competitive levels, we must seek stockholder approval for any increases to the number of shares reserved for issuance under our equity incentive plans, such as the share increase that was approved at our 2015 Annual Meeting of Stockholders, and we cannot assure you that we will receive such approvals in the future. Any failure to receive approval for current or future proposed increases could prevent us from granting equity compensation at competitive levels and make it more difficult to attract, retain and motivate employees. Further, to the extent that we expand our business or product lines through the acquisition of other businesses, any failure to receive any such approvals could prevent us from securing employment commitments from such newly acquired employees. Failure to attract and retain key personnel could harm our competitive position, results of operations and financial condition.

If we experience a significant disruption in our information technology systems or breaches of data security, our business could be adversely affected.

We rely on information technology systems to keep financial records and corporate records, communicate with staff and external parties and operate other critical functions, including sales and manufacturing processes. Our information technology systems are potentially vulnerable to disruption due to breakdown, malicious intrusion and computer viruses or environmental impact. If we were to experience a prolonged system disruption in our information technology systems, it could negatively impact the coordination of our sales, planning and manufacturing activities, which could adversely affect our business. In addition, in order to maximize our information technology efficiency, we have physically consolidated our primary corporate data and computer operations. This concentration, however, exposes us to a greater risk of disruption to our internal information technology systems. Although we maintain offsite back-ups of our data, if operations at our facilities were disrupted, it may cause a material disruption in our business if we are not capable of restoring function on an acceptable time frame.

In addition, our information technology systems are potentially vulnerable to data security breaches-whether by employees or others-which may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of sensitive and confidential information of our employees, customers, suppliers and others, any of which could have a material adverse effect on our business, financial condition and results of operations. Moreover, a security breach or privacy violation that leads to disclosure or modification of, or prevents access to, patient information, including personally identifiable information or protected health information, could harm our reputation, compel us to comply with federal and/or state breach notification laws, subject us to mandatory corrective action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect personal data, resulting in increased costs or loss of revenue.

While we have implemented a number of protective measures, including firewalls, antivirus and malware detection tools, patches, log monitors, routine back-ups, system audits, routine password modifications and disaster recovery procedures, such measures may not be adequate or implemented properly to prevent or fully address the adverse effect of such events, and in some cases we may be unaware of an incident or its magnitude and effects. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, our operations could be disrupted, and we may

suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information, including sensitive patient data. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above.

If we are unable to successfully interface our automation solutions with the existing information systems of our customers, they may choose not to use our products and services.

For healthcare facilities to fully benefit from our automation solutions, our systems must interface with their existing information systems. This may require substantial cooperation, incremental investment and coordination on the part of our customers and may require coordination with third-party suppliers of the existing information systems. There is little uniformity in the systems currently used by our customers, which complicates the interfacing process. If these systems are not successfully interfaced, our customers could choose not to use or to reduce their use of our automation solutions, which would harm our business. Also, these information systems are impacted by regulatory forces, such as the HITECH Act, Meaningful Use Stages, and HIPAA Omnibus Rules, and may evolve their interoperability functionality accordingly. We expect to comply with the mandatory standards and certifications that enable us to continuously interoperate with partner information system, but such symbiotic evolution in a changing regulatory environment can at times create an execution risk.

Additionally, our competitors may enter into agreements with providers of hospital information management systems that are designed to increase the interoperability of their respective products. To the extent our competitors are able to increase the interoperability of their products with those of the major hospital information systems providers, customers who utilize such information systems may choose not to use our products and services. In addition, hospital information systems providers may choose to develop their own solutions that could compete with ours. Furthermore, we expect the importance of interoperability to increase in the next few years. Regulations such as the HITECH Act Meaningful Use Stage 3 are expected to heavily focus on evidence and outcomes. Given our role in care delivery process, the data generated by our products may be a key input for assessing and reporting on clinical outcomes. This may elevate interoperability with information systems to a relative importance to our customers creating a business opportunity and risk.

Our failure to protect our intellectual property rights could negatively affect our ability to compete.

Our success depends in part on our ability to obtain patent protection for technology and processes and our ability to preserve our trademarks, copyrights and trade secrets. We have pursued patent protection in the United States and foreign jurisdictions for technology that we believe to be proprietary and for technology that offers us a potential competitive advantage for our products. We intend to continue to pursue such protection in the future. Our issued patents relate to various features of our medication and supply dispensing systems and our packaging systems. We cannot assure you that we will file any patent applications in the future, and that any of our patent applications will result in issued patents or that, if issued, such patents will provide significant protection for our technology and processes. As an example, in September 2014, an action was brought against us, to, among other matters, correct the inventorship of certain patents owned by us. Furthermore, we cannot assure you that others will not develop technologies that are similar or superior to our technology or that others will not design around the patents we own. All of our system software is copyrighted and subject to the protection of applicable copyright laws. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary, which could harm our competitive position.

Our quarterly operating results may fluctuate and may cause our stock price to decline.

Our quarterly operating results may vary in the future depending on many factors that include, but are not limited to, the following:

- our ability to successfully install our products on a timely basis and meet other contractual obligations necessary to recognize revenue;
- our ability to execute the manufacturing ramp up of our new XT Series;
- the impact of the reduction in our workforce and closure of our Nashville, Tennessee and Slovenia facilities;
- our ability to continue cost reduction efforts;
- our ability to implement development and manufacturing Centers of Excellence;
- the size, product mix and timing of orders for our medication and supply dispensing systems, and our medication packaging systems, and their installation and integration;
- the overall demand for healthcare medication management and supply chain solutions;
- changes in pricing policies by us or our competitors;
- the number, timing and significance of product enhancements and new product announcements by us or our competitors;
- the timing and significance of any acquisition or business development transactions that we may consider or negotiate and the revenues, costs and earnings that may be associated with these transactions;

- the relative proportions of revenues we derive from products and services;
- fluctuations in the percentage of sales attributable to our international business;
- our customers' budget cycles;
- changes in our operating expenses and our ability to stabilize expenses;
- expenses incurred to remediate product quality or safety issues;
- our ability to generate cash from our accounts receivable on a timely basis;
- the performance of our products;
- changes in our business strategy;
- macroeconomic and political conditions, including fluctuations in interest rates, tax increases and availability of credit markets; and
- volatility in our stock price and its effect on equity-based compensation expense.

Due to all of these factors, our quarterly revenues and operating results are difficult to predict and may fluctuate, which in turn may cause the market price of our stock to decline.

If we are unable to maintain our relationships with group purchasing organizations or other similar organizations, we may have difficulty selling our products and services to customers represented by these organizations.

A number of group purchasing organizations, including Intalere (f.k.a. Amerinet, Inc.), Vizient Inc, Premier Inc., Cardinal Health, AmerisourceBergen, and HealthTrust Purchasing Group have negotiated standard contracts for our products on behalf of their member healthcare organizations. Members of these group purchasing organizations may purchase under the terms of these contracts, which obligate us to pay the group purchasing organization a fee. We have also contracted with the United States General Services Administration, allowing the Department of Veteran Affairs, the Department of Defense and other Federal Government customers to purchase our products. These contracts enable us to more readily sell our products and services to customers represented by these organizations. Some of our contracts with these organizations are terminable at the convenience of either party. The loss of any of these relationships could impact the breadth of our customer base and could impair our ability to meet our revenue targets or increase our revenues. These organizations may not renew our contracts on similar terms, if at all, and they may choose to terminate our contracts before they expire, any of which could cause our revenues to decline.

If we are unable to maintain our relationships with major institutional pharmacies, we may experience a decline in the sales of blister cards and other consumables sold to these customers.

The institutional pharmacy market consists of significant national suppliers of medications to non-acute care facilities, smaller regional suppliers, and very small local suppliers. Although none of these customers comprised more than 10% of our total revenues for the year ended December 31, 2016 , the three largest institutional pharmacies have comprised 14.4% and 13.4% of our Medication Adherence segment revenues during the three months ended March 31, 2017 and 2016 , respectively. If these larger national suppliers were to purchase consumable blister card components from alternative sources, or if alternatives to blister cards were used for medication control, our revenues would decline.

We depend on a limited number of suppliers for our products and our business may suffer if we were required to change suppliers to obtain an adequate supply of components, equipment and raw materials on a timely basis.

Although we generally use parts and components for our products with a high degree of modularity, certain components are presently available only from a single source or limited sources. We rely on a limited number of suppliers for the raw materials that are necessary in the production of our consumable medication packages. While we have generally been able to obtain adequate supplies of all components and raw materials in a timely manner from existing sources, or where necessary, from alternative sources of supply, we have entered into relationships with new suppliers in connection with the launch of our XT Series products. We engage multiple single source third-party manufacturers to build several of our sub-assemblies. The risk associated with changing to alternative vendors, if necessary, for any of the numerous components used to manufacture our products could limit our ability to manufacture our products and harm our business. Due to our reliance on a few single source partners to build our hardware sub-assemblies and on a limited number of suppliers for the raw materials that are necessary in the production of our consumable medication packages, a reduction or interruption in supply from our partners or suppliers, or a significant increase in the price of one or more components could have an adverse impact on our business, operating results and financial condition. In certain circumstances, the failure of any of our suppliers or us to perform adequately could result in quality control issues affecting end users' acceptance of our products. These impacts could damage customer relationships and could harm our business.

Our failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could cause our stock price to decline.

Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm attesting to the effectiveness of internal control. If we fail to maintain effective internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting.

If the market price of our common stock continues to be highly volatile, the investment value of our common stock may decline.

Our common stock traded between $31.85 and $41.15 per share during the three months ended March 31, 2017 . The market price for shares of our common stock has been and may continue to be highly volatile. In addition, our announcements or external events may have a significant impact on the market price of our common stock. These announcements or external events may include:

- changes in our operating results;
- developments in our relationships with corporate customers;
- developments with respect to the Aesynt and Ateb Acquisitions;
- changes in the ratings of our common stock by securities analysts;
- announcements by us or our competitors of technological innovations or new products;
- announcements by us or our competitors of acquisitions of businesses, products or technologies; or
- general economic and market conditions.

Furthermore, the stock market as a whole from time to time has experienced extreme price and volume fluctuations, which have particularly affected the market prices for technology companies. These broad market fluctuations may cause the market price of our common stock to decline irrespective of our performance. In addition, sales of substantial amounts of our common stock in the public market could lower the market price of our common stock.

In addition, stockholders have initiated class action lawsuits against companies following periods of volatility in the market prices of these companies' stock. For example, on March 19, 2015, a putative class action lawsuit was filed against Omnicell and two of our executive officers in the U.S. District Court for the Northern District of California purporting to assert claims on behalf of a class of purchasers of Omnicell stock between May 2, 2014 and March 2, 2015. The complaint alleged that defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by purportedly making false and misleading statements regarding the existence of a "side letter" arrangement and the adequacy of internal controls that allegedly resulted in false and misleading financial statements. The Company and the individual defendants were not served with the complaint and on May 20, 2015, the plaintiff filed a notice of voluntary dismissal of the lawsuit without prejudice.

Circumstances may arise that could prevent the timely reporting of our financial information, which could harm our stock price and quotation on the NASDAQ Global Select Market.

On March 17, 2015, we announced that we were delaying the filing of our Annual Report on Form 10-K for the year ended December 31, 2014 (the "Annual Report") beyond the automatic 15-day extension period permitted under the rules of the Securities and Exchange Commission because of the internal investigation that we commenced following receipt of a notice from an Omnicell employee on February 27, 2015 alleging, among other matters, the existence of a "side letter" arrangement with an Omnicell customer for certain discounts and Omnicell products that were to be provided at no cost, but which were not reflected in the final invoices paid by such customer.

Because we were unable to timely file the Annual Report, on March 18, 2015, we received an expected written notification (the "Notice") from the NASDAQ OMX Group, Inc. ("Nasdaq") indicating that Omnicell was not in compliance with Nasdaq Listing Rule 5250(c)(1) for continued listing, due to the delay in filing the Annual Report beyond the extended filing due date. Under the Nasdaq continued listing rules, we had 60 calendar days from the date of the letter to either file the Annual Report or submit a plan to regain compliance.

During the period between the date the Annual Report was due and the date of its filing, our stock price experienced some volatility. We have concluded the investigation causing the delay of the filing of the Annual Report. Even though the results of the investigation led the Company to determine that effective internal control over financial reporting was maintained in all material respects and that there are no changes required to be made to the Company's Consolidated Financial Statements, we cannot assure you that similar circumstances will not arise in the future that will cause us to delay the filing of our periodic financial reports, which could harm our stock price and, if such delay were to continue for a period of time, impact our continued listing on the NASDAQ Global Select Market.

Our U.S. government lease agreements are subject to annual budget funding cycles and mandated unilateral changes, which may affect our ability to enter into such leases or to recognize revenue and sell receivables based on these leases.

U.S. government customers that lease our equipment typically sign contracts with five-year payment terms that are subject to one-year government budget funding cycles. Further, the government has in certain circumstances mandated unilateral changes in its Federal Supply Services contract that could render our lease terms with the government less attractive. In our judgment and based on our history with these accounts, we believe these receivables are collectible. However, in the future, the failure of any of our U.S. government customers to receive their annual funding, or the government mandating changes to the Federal Supply Services contract could impair our ability to sell lease equipment to these customers or to sell our U.S. government receivables to third-party leasing companies. In addition, the ability to collect payments on unsold receivables could be impaired and may result in a write-down of our unsold receivables from U.S. government customers. The balance of our unsold leases to U.S. government customers was $11.7 million as of March 31, 2017 .

If we fail to manage our inventory properly, our revenue, gross margin and profitability could suffer.

Managing our inventory of components and finished products is a complex task. A number of factors, including, but not limited to, the need to maintain a significant inventory of certain components that are in short supply or that must be purchased in bulk to obtain favorable pricing, the general unpredictability of demand for specific products and customer requests for quick delivery schedules, may result in us maintaining large amounts of inventory. Other factors, including changes in market demand, customer requirements and technology, may cause our inventory to become obsolete. Any excess or obsolete inventory could result in inventory write-downs, which in turn could harm our business and results of operations.

Intellectual property claims against us could harm our competitive position, results of operations and financial condition.

We expect that developers of medication and supply dispensing systems and medication packaging systems, will be increasingly subject to infringement claims as the number of products and competitors in our industry grows and the functionality of products in different industry segments overlaps. In the future, third parties may claim that we have infringed upon their intellectual property rights with respect to current or future products. We do not carry special insurance that covers intellectual property infringement claims; however, such claims may be covered under our traditional insurance policies. These policies contain terms, conditions and exclusions that make recovery for intellectual property infringement claims difficult to guarantee. Any infringement claims, with or without merit, could be time-consuming to defend, result in costly litigation, divert management's attention and resources, cause product shipment delays or require us to enter into royalty or licensing agreements. These royalty or licensing agreements, if required, may not be available on terms acceptable to us, or at all, which could harm our competitive position, results of operations and financial condition.

Our software products are complex and may contain defects, which could harm our reputation, results of operations and financial condition.

We market products that contain software and products that are software only. Although we perform extensive testing prior to releasing software products, these products may contain undetected errors or bugs when first released. These may not be discovered until the product has been used by customers in different application environments. Failure to discover product deficiencies or bugs could require design modifications to previously shipped products or cause delays in the installation of our products and unfavorable publicity or negatively impact system shipments, any of which could harm our business, financial condition and results of operations.

Product liability claims against us could harm our competitive position, results of operations and financial condition.

Our products provide medication management and supply chain management solutions for the healthcare industry. Despite the presence of healthcare professionals as intermediaries between our products and patients, if our products fail to provide accurate and timely information or operate as designed, customers, patients or their family members could assert claims against us for product liability. Moreover, failure of health care facility employees to use our products for their intended purposes could result in product liability claims against us. Litigation with respect to product liability claims, regardless of any outcome, could result in substantial cost to us, divert management's attention from operations and decrease market acceptance of our products. We possess a variety of insurance policies that include coverage for general commercial liability and technology errors and omissions liability. We attempt to mitigate these risks through contractual terms negotiated with our customers. However, these policies and protective contractual terms may not be adequate against product liability claims. A successful claim brought against us, or any claim or product recall that results in negative publicity about us, could harm our competitive position, results of operations and financial condition. Also, in the event that any of our products is defective, we may be required to recall or redesign those products.

We are dependent on technologies provided by third-party vendors, the loss of which could negatively and materially affect our ability to market, sell, or distribute our products.

Some of our products incorporate technologies owned by third parties that are licensed to us for use, modification, and distribution. For example, the VBM 200/F is manufactured by a third party and sold by us pursuant to a distribution and supplier agreement. If we lose access to third-party technologies, such as our ability to distribute the VBM 200/F, or we lose the ongoing rights to modify and distribute these technologies with our products, we will have to devote resources to independently develop, maintain and support the technologies ourselves, pay increased license costs, or transition to another vendor. Any independent development, maintenance or support of these technologies by us or the transition to alternative technologies could be costly, time consuming and could delay our product releases and upgrade schedules. These factors could negatively and materially affect our ability to market, sell or distribute our products.

Complications in connection with our ongoing business information system upgrades, including those required to transition acquired entities onto information systems already utilized, and those implemented to adopt new accounting standards, may impact our results of operations, financial condition and cash flows. *

We continue to upgrade our enterprise-level business information system with new capabilities and transition acquired entities onto information systems already utilized in the company. In 2015, we replaced legacy Enterprise Requirements Planning systems used in the acquired Surgichem business with systems currently in use in other parts of Omnicell. In 2016, we replaced the legacy Enterprise Requirements Planning systems used in Mach4 with systems currently in use in other parts of Omnicell, and we intend to do the same at Aesynt. Based upon the complexity of some of the upgrades, there is risk that we will not see the expected benefit from the implementation of these upgrades in accordance with their anticipated timeline and will incur costs in addition to those we have already planned for. In addition, in future years, we will need to comply with new accounting standards established by the Financial Accounting Standards Board ("FASB") for revenues, leases and other components of our financial reporting. These new standards will require us to modify our accounting policies and financial reporting disclosure. We further anticipate that integration of these and possibly other new standards may require a substantial amount of management's time and attention and require integration with our enterprise resource planning system. The implementation of the system and the adoption of future new standards, in isolation as well as together, could result in operating inefficiencies and financial reporting delays, and could impact our ability to record certain business transactions timely. All of these potential results could adversely impact our results of operations, financial condition and cash flows.

Outstanding employee stock options have the potential to dilute stockholder value and cause our stock price to decline.

We grant stock options to certain of our employees as incentives to join Omnicell or as an on-going reward and retention vehicle. We had options outstanding to purchase approximately 3.4 million shares of our common stock, at a weighted-average exercise price of $27.33 per share as of March 31, 2017 . If some or all of these shares are sold into the public market over a short time period, the price of our common stock may decline, as the market may not be able to absorb those shares at the prevailing market prices. Such sales may also make it more difficult for us to sell equity securities in the future on terms that we deem acceptable.

Changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities could affect our future results.

W e are subject to taxes in the United States and foreign jurisdictions. Our future effective tax rates could be affected by several factors, many of which are outside of our control, including: changes in the mix of earnings with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. We regularly assess the likelihood of adverse outcomes to determine the adequacy of our provision for taxes. We are also subject to examination of our income tax returns by the Internal Revenue Service and other tax authorities. There can be no assurance that the outcomes from these examinations will not materially adversely affect our financial condition and operating results.

Catastrophic events may disrupt our business and harm our operating results.

We rely on our network infrastructure, data centers, enterprise applications, and technology systems for the development, marketing, support and sales of our products, and for the internal operation of our business. These systems are susceptible to disruption or failure in the event of a major earthquake, fire, flood, cyber-attack, terrorist attack, telecommunications failure, or other catastrophic event. Many of these systems are housed or supported in or around our corporate headquarters located in Northern California, near major earthquake faults, and where a significant portion of our research and development activities and other critical business operations take place. Other critical systems, including our manufacturing facilities for our consumable medication packages, are housed in St. Petersburg, Florida, in communities that have been subject to significant tropical storms. Disruptions to or the failure of any of these systems, and the resulting loss of critical data, which is not quickly recoverable by the effective execution of disaster recovery plans designed to reduce such

disruption, could cause delays in our product development, prevent us from fulfilling our customers' orders, and could severely affect our ability to conduct normal business operations, the result of which would adversely affect our operating results.

Recent developments relating to the United Kingdom's referendum vote in favor of leaving the European Union and related actions could adversely affect us . *

The United Kingdom held a referendum on June 23, 2016 in which a majority voted for the United Kingdom's (the "UK") withdrawal from the European Union (the "EU"). On March 29, 2017, the UK's ambassador to the EU delivered a letter to the president of the European Council that gave formal notice under Article 50 of the Lisbon Treaty of Britain's withdrawal from the EU, commonly referred to as "Brexit". As a result, negotiations have commenced to determine the terms of the UK's withdrawal from the EU as well as its relationship with the EU going forward, including the terms of trade between the UK and the EU. The effects of Brexit have been and are expected to continue to be far-reaching. Brexit and the perceptions as to its impact may adversely affect business activity and economic conditions in Europe and globally and could continue to contribute to instability in global financial markets. Brexit could also have the effect of disrupting the free movement of goods, services and people between the UK and the EU. However, the full effects of Brexit are uncertain and will depend on any agreements the UK may make to retain access to EU markets. Brexit could also lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. Lastly, as a result of the Brexit, other European countries may seek to conduct referenda with respect to their continuing membership with the EU. Given these possibilities and others we may not anticipate, as well as the lack of comparable precedent, the full extent to which our business, results of operations and financial condition could be adversely affected by Brexit is uncertain.

The conflict minerals provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act could result in additional costs and liabilities.

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC established disclosure and reporting requirements for those companies that use "conflict minerals" mined from the Democratic Republic of Congo and adjoining countries, whether or not these products are manufactured by third parties. These new requirements could affect the sourcing of materials used in our products as well as the companies we use to manufacture our products. In circumstances where conflict minerals in our products are found to be sourced from the Democratic Republic of the Congo or surrounding countries, we may take actions to change materials or designs to reduce the possibility that our purchase of conflict minerals may fund armed groups in the region. These actions could add engineering and other costs to the manufacture of our products.

We expect to incur costs on an ongoing basis to comply with the requirements related to the discovery of the origin of the tantalum, tin, tungsten and gold used in our products, including components we purchase from third parties, and to audit our conflict minerals disclosures. Our reputation may also suffer if we have included conflict minerals originating in the Democratic Republic of the Congo or surrounding countries in our products.

Anti-takeover provisions in our charter documents and under Delaware law, and any stockholders' rights plan we may adopt in the future, make an acquisition of us, which may be beneficial to our stockholders, more difficult.

We are incorporated in Delaware. Certain anti-takeover provisions of Delaware law and our charter documents as currently in effect may make a change in control of our company more difficult, even if a change in control would be beneficial to the stockholders. Our anti-takeover provisions include provisions in our certificate of incorporation providing that stockholders' meetings may only be called by our Board of Directors and provisions in our bylaws providing that the stockholders may not take action by written consent and requiring that stockholders that desire to nominate any person for election to our Board of Directors or to make any proposal with respect to business to be conducted at a meeting of our stockholders be submitted in appropriate form to our Secretary within a specified period of time in advance of any such meeting. Delaware law also prohibits corporations from engaging in a business combination with any holders of 15% or more of their capital stock until the holder has held the stock for three years unless, among other possibilities, our Board of Directors approves the transaction. Our Board of Directors may use these provisions to prevent changes in the management and control of our company. Also, under applicable Delaware law, our board of directors may adopt additional anti-takeover measures in the future.

The stockholder rights plan adopted by our Board of Directors in February 2003 expired by its terms in February 2013. Our Board of Directors could adopt a similar plan in the future if it determines that such action is in the best interests of our stockholders. Such a plan may have the effect of discouraging, delaying or preventing a change in control of our company that may be beneficial to our stockholders.

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

Stock Repurchase Programs

During the three months ended March 31, 2017 , we did not repurchase any shares of our common stock under our stock repurchase programs. Please refer to Note 12, Employee Benefits and Share-Based Compensation, and to the Notes to the Condensed Consolidated Financial Statements included in this quarterly report for more details.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The information required by this Item is set forth in the Exhibit Index that follows the signature page of this Report.

SIGNATURES

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

OMNICELL, INC.

Date: May 5, 2017 By: /s/ Peter J. Kuipers

Peter J. Kuipers,
Executive Vice President & Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated By Reference			
		Form	File No.	Exhibit	Filing Date
2.1	Securities Purchase Agreement, dated October 29, 2015, among Omnicell, Inc., Aesynt Holding, L.P., Aesynt, Ltd. and Aesynt Coöperatief U.A.	8-K	000-33043	2.1	10/29/2015
3.1	Amended and Restated Certificate of Incorporation of Omnicell, Inc.	S-1	333-57024	3.1	3/14/2001
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Omnicell, Inc.	10-Q	000-33043	3.2	8/9/2010
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock	10-K	000-33043	3.2	3/28/2003
3.4	Bylaws of Omnicell, Inc., as amended	10-Q	000-33043	3.3	8/9/2007
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4				
4.2	Form of Common Stock Certificate	S-1	333-57024	4.1	3/14/2001
10.1 + *	Amended and restated severance benefit plan, effective March 7, 2017				
10.2 +	First Amendment to Credit Agreement and Collateral Agreement, dated as of April 11, 2017, by and among Omnicell, Inc., each subsidiary guarantor; each lender party thereto; and Wells Fargo Bank, National Association, as administrative agent.				
10.3+	Fifth Amendment to Lease, dated April 28, 2017 between McKnight Cranberry III, L.P., a Delaware limited Partnership and Aesynt Incorporated				
31.1 +	Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)				
31.2 +	Certification of Chief Financial Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)				
32.1 +	Certification of Chief Executive Officer and Chief Financial Officer, as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350) (1)				
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 Labels Linkbase Document				
101.PRE +	XBRL Taxonomy Extension Presentation Linkbase Document				

+ Filed herewith.

* Indicates management contract or compensatory plan.

(1) This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

OMNICELL, INC.

AMENDED AND RESTATED SEVERANCE BENEFIT PLAN

SECTION 1. INTRODUCTION.

The Amended and Restated Omnicell, Inc. Severance Benefit Plan (the ***"Plan"***) was originally established effective January 3, 2007, was previously amended and restated effective May 2, 2007, June 20, 2009, January 6, 2015, January 20, 2017 and is hereby amended and restated effective March 7, 2017 (the ***"Effective Date"***). The purpose of the Plan is to provide for the payment of severance benefits to certain eligible employees of Omnicell, Inc. (the ***"Company"***) and Company affiliates, if any, that have been designated by the Company on the attached Appendix A as eligible to participate in the Plan (each such affiliate, an ***"Employer"*** and all such affiliates collectively, the ***"Employers"***) whose employment with the Company or an Employer is involuntarily terminated and who meets the eligibility criteria set forth in Section 2(a) below. This Plan shall supersede any severance benefit plan, policy or practice previously maintained by the Company or any Employer. This Plan document also is the Summary Plan Description for the Plan.

SECTION 2. ELIGIBILITY FOR BENEFITS.

(a) General Rules. Subject to the requirements set forth in this Section, the Company will grant severance benefits under the Plan to Eligible Employees.

(1) Definition of "Eligible Employee." For purposes of this Plan, an Eligible Employee is a full-time regular hire employee of the Company or any Employer, who is notified by the Company in writing that he or she is eligible for participation in the Plan and (i) whose employment is involuntarily terminated by the Company or an Employer without Cause (as defined in Section 2(c) below); or (ii) whose employment is terminated as a result of a reduction-in-force; or (iii) who is selected by the Plan Administrator in its sole discretion to receive the benefits set forth herein. The determination of whether an employee is an Eligible Employee shall be made by the Company, in its sole discretion, and such determination shall be binding and conclusive on all persons. For purposes of this Plan, full-time regular hire employees are those employees who are regularly scheduled to work at least thirty-two (32) hours per week. Regular hire employees who are regularly scheduled to work fewer than thirty-two (32) hours per week and temporary employees are not eligible for severance benefits under the Plan.

(2) In order to be eligible to receive any benefits under the Plan, an Eligible Employee must remain on the job until his or her date of termination as scheduled by the Company.

(3) In order to be eligible to receive any benefits under the Plan, an Eligible Employee also must execute a general waiver and release in substantially the form attached hereto as Exhibit A, Exhibit B or Exhibit C, as appropriate, within the applicable time period set forth therein, but in no event more than sixty (60) days following the date of termination, or as may be updated by the Company from time to time, and such release must become effective in accordance with its terms. The Company, in its discretion, may modify the form of the required release to comply with applicable law and shall determine the form of the required release, which may be incorporated into a termination agreement or other agreement with the Eligible Employee.

(b) Exceptions to Benefit Entitlement. An employee, including an employee who otherwise is an Eligible Employee, will not receive benefits under the Plan (or will receive reduced benefits under the Plan) in the following circumstances, as determined by the Company in its sole discretion:

(1) The employee has executed an individually negotiated employment contract or agreement with the Company or an Employer relating to severance benefits that is in effect on his or her termination date,, in which case such employee's severance benefit, if any, shall be governed by the terms of such individually

negotiated employment contract or agreement and shall be governed by this Plan only to the extent that the reduction pursuant to Section 3(c) below does not entirely eliminate benefits under this Plan.

(2) The employee voluntarily terminates employment with the Company or an Employer. Voluntary terminations include, but are not limited to, resignation, retirement or failure to return from a leave of absence on the scheduled date.

(3) The employee voluntarily terminates employment with the Company or an Employer in order to accept employment with another entity that is wholly or partly owned (directly or indirectly) by the Company or an affiliate of the Company.

(4) The employee is offered an identical or substantially equivalent or comparable position with the Company or an affiliate of the Company. For purposes of the foregoing, a "substantially equivalent or comparable position" is one that offers the employee substantially the same level of base salary and does not require a relocation of the employee's place of employment by more than fifty (50) miles from its previous location.

(5) The employee is offered immediate reemployment by a successor to the Company or an affiliate of the Company or by a purchaser of its assets, as the case may be, following a change in ownership of the Company or an Employer or a sale of substantially all of the assets of a division or business unit of the Company or an Employer. For purposes of the foregoing, "immediate reemployment" means that the employee's employment with the successor to the Company or an affiliate of the Company or the purchaser of its assets, as the case may be, results in uninterrupted employment such that the employee does not incur a lapse in pay as a result of the change in ownership of the Company or an Employer or the sale of its assets.

(6) The employee is offered immediate reemployment by a third party entity to whom the Company or an affiliate of the Company has outsourced or otherwise transferred the employee's job responsibilities. For purposes of the foregoing, "immediate reemployment" means that the employee's employment with the third party entity to whom the employee's job responsibilities have been outsourced or otherwise transferred, as the case may be, results in uninterrupted employment such that the employee does not incur a lapse in pay as a result of the outsourcing or other transfer.

(7) The employee is rehired by the Company or an affiliate of the Company prior to the date benefits under the Plan are scheduled to commence.

(8) The employee does not confirm in writing that he or she is and shall remain subject to the Company's Proprietary Information and Inventions Agreement.

(9) Following notification of involuntary termination by the Company, the employee does not satisfactorily perform his or her assigned job duties until the date set by the Company or an Employer for the termination of employment.

(c) An involuntary termination without ***"Cause"*** means an involuntary termination of an employee's employment by the Company or an Employer other than for one of the following reasons:

(1) an intentional action or intentional failure to act by the employee that was performed in bad faith;

(2) an employee's intentional refusal or intentional failure to act in accordance with any lawful and proper direction or order of his or her superiors;

(3) an employee's habitual neglect of the duties of employment, which may include a failure to perform her or her job duties satisfactorily;

(4) an employee's indictment, charge, or conviction of a felony or any crime involving moral turpitude, or participation in any act of theft or dishonesty, regardless of whether such act has had or could reasonably be expected to have a material detrimental effect on the business of the Company or an Employer; or

(5) an employee's violation of any material provision of the Company's Proprietary Information and Inventions Agreement or violation of any material provision of any other written Company or Employer policy or procedure.

SECTION 3. AMOUNT OF BENEFIT.

(a) Severance Benefits. Subject to the exceptions set forth in Section 2(b), severance benefits under the Plan, if any, shall be provided to Eligible Employees described in Section 2(a) in the amount provided in Appendix B.

(b) Additional Benefits. Notwithstanding the foregoing, the Company may, in its sole discretion, provide benefits in addition to those benefits set forth in Section 3(a) to Eligible Employees and the provision of any such benefits to an Eligible Employee shall in no way obligate the Company to provide such benefits to any other Eligible Employee or to any other employee, even if similarly situated.

(c) Certain Reductions. The Company, in its sole discretion, shall have the authority to reduce an Eligible Employee's severance benefits, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to the Eligible Employee by the Company or an affiliate of the Company that become payable in connection with the Eligible Employee's termination of employment pursuant to (i) any applicable legal requirement, including, without limitation, the Worker Adjustment and Retraining Notification Act, the California Plant Closing Act, or any other similar state law, (ii) a written employment or severance agreement with the Company or an Employer of the Company, or (iii) any Company or Employer policy or practice providing for the Eligible Employee to remain on the payroll for a limited period of time after being given notice of the termination of the Eligible Employee's employment, and the Plan Administrator shall so construe and implement the terms of the Plan; provided, however, that notwithstanding the foregoing and any other provision in the Plan to the contrary, such reduction shall in no event reduce the cash severance benefits provided under this Plan to less than one (1) week of Base Salary (as such term is defined in Appendix B). The Company's decision to apply such reductions to the severance benefits of one Eligible Employee and the amount of such reductions shall in no way obligate the Company to apply the same reductions in the same amounts to the severance benefits of any other Eligible Employee, even if similarly situated. In the Company's sole discretion, such reductions may be applied on a retroactive basis, with severance benefits previously paid being re-characterized as payments pursuant to the Company's statutory obligation.

SECTION 4. COMPANY PROPERTY.

(a) Return of Company Property. Except as provided in Section 4(b) below, an Eligible Employee will not be entitled to any severance benefit under the Plan unless and until the Eligible Employee returns all Company Property. For this purpose, ***"Company Property"*** means all Company and/or Employer documents (and all copies thereof) and other Company and/or Employer property which the Eligible Employee had in his or her possession at any time, including, but not limited to, Company and/or Employer files, notes, drawings records, plans, forecasts, reports, studies, analyses, proposals, agreements, financial information, research and development information, sales and marketing information, operational and personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, leased vehicles, computers, facsimile machines, mobile telephones, servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company and/or an Employer (and all reproductions thereof in whole or in part). As a condition to receiving benefits under the Plan, Eligible Employees must not make or retain copies, reproductions or summaries of any such Company or Employer property. In the Company's sole discretion, the Company may determine the value of any

unreturned Company property and deduct the value of such property from any severance benefits otherwise owed to the employee under this Plan.

(b) Retention of Certain Company Equipment. Notwithstanding the provisions of Section 4(a), the Company and an Eligible Employee may agree to allow the Eligible Employee to retain certain Company or Employer equipment (e.g., laptops, printers, facsimile machines, copiers, etc.) (***"Company Equipment"***) for his or her personal use following the Eligible Employee's termination of employment. As a condition to retaining any Company Equipment, the Eligible Employee must execute a general waiver and release in substantially the form attached hereto as Exhibit A, Exhibit B or Exhibit C, as appropriate, within the applicable time period set forth therein, but in no event more than sixty (60) days following the date of termination, and such release must become effective in accordance with its terms. The Eligible Employee acknowledges that the Eligible Employee will have imputed income related to the retention of any Company Equipment. The Eligible Employee will follow all Company instructions as to the return and/or deletion of any Company information contained on the Company Equipment.

SECTION 5. TIME OF PAYMENT AND FORM OF BENEFIT.

All cash severance benefits under the Plan shall be paid in a single lump sum as soon as administratively practicable following the Eligible Employee's satisfaction of all of the requirements set forth in Sections 2(a) and 4(a). All payments under the Plan will be subject to applicable withholding for federal, state and local taxes. If an Eligible Employee is indebted to the Company at his or her termination date, the Company reserves the right to offset any severance payments under the Plan by the amount of such indebtedness. Additionally, if an Eligible Employee is subject to withholding for taxes related to any non-Plan benefits, including but not limited to any imputed income related to the use of Company vehicles for personal travel, or imputed income related to retention of Company Equipment, the Company may offset any severance payments under the Plan by the amount of such withholding taxes.

Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under the Plan that constitute "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the ***"Code"***) and the regulations and other guidance thereunder and any state law of similar effect (collectively ***"Section 409A"***) shall not commence in connection with an Eligible Employee's termination of employment unless and until the Eligible Employee has also incurred a "separation from service" (as such term is defined in Treasury Regulations Section 1.409A-1(h) (***"Separation From Service"***)), unless the Company reasonably determines that such amounts may be provided to the Eligible Employee without causing the Eligible Employee to incur the adverse personal tax consequences under Section 409A.

It is intended that (i) each installment of any benefits payable under the Plan to an Eligible Employee be regarded as a separate "payment" for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i), (ii) all payments of any such benefits under the Plan satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4) and 1.409A-1(b)(9)(iii), and (iii) any such benefits consisting of COBRA premiums also satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(9)(v). However, if the Company determines that any such benefits payable under the Plan constitute "deferred compensation" under Section 409A and the Eligible Employee is a "specified employee" of the Company, as such term is defined in Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the imposition of the adverse personal tax consequences under Section 409A, the timing of such benefit payments shall be delayed as follows: on the earlier to occur of (A) the date that is six (6) months and one (1) day after the Eligible Employee's Separation From Service and (B) the date of the Eligible Employee's death (such applicable date, the ***"Delayed Initial Payment Date"***), the Company shall (1) pay the Eligible Employee a lump sum amount equal to the sum of the benefit payments that the Eligible Employee would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the benefits had not been delayed pursuant to this paragraph and (2) commence paying the balance, if any, of the benefits in accordance with the applicable payment schedule.

SECTION 6. REEMPLOYMENT.

In the event of an Eligible Employee's reemployment by the Company or an Employer or other affiliate of the Company or by a company to whom the employee's job responsibilities have been outsourced or otherwise transferred during the period of time in respect of which severance benefits pursuant to Sections 3(a) and 3(b) have been paid, the Company, in its sole and absolute discretion, may require such Eligible Employee to repay to the Company all or a portion of such severance benefits as a condition of reemployment.

SECTION 7. RIGHT TO INTERPRET PLAN; AMENDMENT AND TERMINATION.

(a) Exclusive Discretion. The Plan Administrator (as defined in Section 10(a) herein) shall have the exclusive discretion and authority to establish rules, forms, and procedures for the administration of the Plan and to construe and interpret the Plan and to decide any and all questions of fact, interpretation, definition, computation or administration arising in connection with the operation of the Plan, including, but not limited to, the eligibility to participate in the Plan and amount of benefits paid under the Plan. The rules, interpretations, computations and other actions of the Plan Administrator shall be binding and conclusive on all persons.

(b) Amendment or Termination. The Company reserves the right to amend or terminate this Plan (including Appendix A and Appendix B) or the benefits provided hereunder at any time; provided, however, that no such amendment or termination shall adversely affect the right to any unpaid benefit of any Eligible Employee whose termination date has occurred prior to amendment or termination of the Plan. Any action amending or terminating the Plan shall be in writing and executed by the Chief Executive Officer or the Chief Financial Officer of the Company.

SECTION 8. NO IMPLIED EMPLOYMENT CONTRACT.

The Plan shall not be deemed (i) to give any employee or other person any right to be retained in the employ of the Company or an Employer or (ii) to interfere with the right of the Company or an Employer to discharge any employee or other person at any time, with or without cause, which right is hereby reserved.

SECTION 9. LEGAL CONSTRUCTION.

This Plan is intended to be governed by and shall be construed in accordance with the Employee Retirement Income Security Act of 1974 (***"ERISA"***) and, to the extent not preempted by ERISA, the laws of the State of California (without regard to principles of conflict of laws).

SECTION 10. CLAIMS, INQUIRIES AND APPEALS.

(a) Applications for Benefits and Inquiries. Any application for benefits, inquiries about the Plan or inquiries about present or future rights under the Plan must be submitted to the Plan Administrator in writing by an applicant (or his or her authorized representative). The Plan Administrator is:

Omnicell, Inc.
Attn: Vice President, Human Resources
590 E. Middlefield Road
Mountain View, CA 94043

(b) Denial of Claims. In the event that any application for benefits is denied in whole or in part, the Plan Administrator must provide the applicant with written or electronic notice of the denial of the application, and of the applicant's right to review the denial. Any electronic notice will comply with the regulations of the U.S. Department of Labor. The notice of denial will be set forth in a manner designed to be understood by the applicant and will include the following:

(1) the specific reason or reasons for the denial;

(2) references to the specific Plan provisions upon which the denial is based;

(3) a description of any additional information or material that the Plan Administrator needs to complete the review and an explanation of why such information or material is necessary; and

(4) an explanation of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the applicant's right to bring a civil action under Section 502(a) of ERISA following a denial on review of the claim, as described in Section 10(d) below.

This notice of denial will be given to the applicant within ninety (90) days after the Plan Administrator receives the application, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional ninety (90) days for processing the application. If an extension of time for processing is required, written notice of the extension will be furnished to the applicant before the end of the initial ninety (90) day period.

This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render its decision on the application.

(c) Request for a Review. Any person (or that person's authorized representative) for whom an application for benefits is denied, in whole or in part, may appeal the denial by submitting a request for a review to the Plan Administrator within sixty (60) days after the application is denied. A request for a review shall be in writing and shall be addressed to:

Omnicell, Inc.
Attn: Vice President, Human Resources
590 E. Middlefield Road
Mountain View, CA 94043

A request for review must set forth all of the grounds on which it is based, all facts in support of the request and any other matters that the applicant feels are pertinent. The applicant (or his or her representative) shall have the opportunity to submit (or the Plan Administrator may require the applicant to submit) written comments, documents, records, and other information relating to his or her claim. The applicant (or his or her representative) shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his or her claim. The review shall take into account all comments, documents, records and other information submitted by the applicant (or his or her representative) relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(d) Decision on Review. The Plan Administrator will act on each request for review within sixty (60) days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional sixty (60) days), for processing the request for a review. If an extension for review is required, written notice of the extension will be furnished to the applicant within the initial sixty (60) day period. This notice of extension will describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render its decision on the review. The Plan Administrator will give prompt, written or electronic notice of its decision to the applicant. Any electronic notice will comply with the regulations of the U. S. Department of Labor. In the event that the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice will set forth, in a manner calculated to be understood by the applicant, the following:

(1) the specific reason or reasons for the denial;

(2) references to the specific Plan provisions upon which the denial is based;

(3) a statement that the applicant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to his or her claim; and

(4) a statement of the applicant's right to bring a civil action under Section 502(a) of ERISA.

(e) Rules and Procedures. The Plan Administrator will establish rules and procedures, consistent with the Plan and with ERISA, as necessary and appropriate in carrying out its responsibilities in reviewing benefit claims. The Plan Administrator may require an applicant who wishes to submit additional information in connection with an appeal from the denial of benefits to do so at the applicant's own expense.

(f) Exhaustion of Remedies. No legal action for benefits under the Plan may be brought until the applicant (i) has submitted a written application for benefits in accordance with the procedures described by Section 10(a) above, (ii) has been notified by the Plan Administrator that the application is denied, (iii) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 10(c) above, and (iv) has been notified that the Plan Administrator has denied the appeal. Notwithstanding the foregoing, if the Plan Administrator does not respond to an applicant's claim or appeal within the relevant time limits specified in this Section 10, the applicant may bring legal action for benefits under the Plan pursuant to Section 502(a) of ERISA.

SECTION 11. BASIS OF PAYMENTS TO AND FROM PLAN.

The Plan shall be unfunded, and all cash payments under the Plan shall be paid only from the general assets of the Company. An Eligible Employee's right to receive payments under the Plan is no greater than that of the Company's unsecured general creditors. Therefore, if the Company were to become insolvent, the Eligible Employee might not receive benefits under the Plan.

SECTION 12. OTHER PLAN INFORMATION.

(a) Employer and Plan Identification Numbers. The Employer Identification Number assigned to the Company (which is the ***"Plan Sponsor"*** as that term is used in ERISA) by the Internal Revenue Service is 94-3166458. The Plan Number assigned to the Plan by the Plan Sponsor pursuant to the instructions of the Internal Revenue Service is 510.

(b) Ending Date for Plan's Fiscal Year and Type of Plan. The date of the end of the fiscal year for the purpose of maintaining the Plan's records is December 31. The Plan is a welfare benefit plan.

(c) Agent for the Service of Legal Process. The agent for the service of legal process with respect to the Plan is:

Omnicell, Inc.
Attn: Corporate Secretary
590 E. Middlefield Road
Mountain View, CA 94043

(d) Plan Sponsor and Administrator. The Plan Sponsor and the ***"Plan Administrator"*** of the Plan is:

Omnicell, Inc.
Attn: Vice President, Human Resources
590 E. Middlefield Road
Mountain View, CA 94043

The Plan Sponsor's and Plan Administrator's telephone number is (650) 251- 6100. The Plan Administrator is the named fiduciary charged with the responsibility for administering the Plan.

SECTION 13. STATEMENT OF ERISA RIGHTS.

Participants in this Plan are entitled to certain rights and protections under ERISA. If you are an Eligible Employee, you are considered a participant in the Plan and, under ERISA, you are entitled to:

(a) Receive Information About Your Plan and Benefits

(1) Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series), if applicable, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;

(2) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series), if applicable, and an updated (as necessary) Summary Plan Description. The Administrator may make a reasonable charge for the copies; and

(3) Receive a summary of the Plan's annual financial report, if applicable. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

(b) Prudent Actions by Plan Fiduciaries. In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

(c) Enforce Your Rights. If your claim for a Plan benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules as set forth in detail in Section 10 herein.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan, if applicable, and do not receive them within 30 days, you may file suit in a Federal court and you are not required to follow the claims procedure set forth in Section 10 herein. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have completed the claims and appeals procedure described in Section 10 and have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court.

If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

(d) Assistance with Your Questions. If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U. S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of

Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration or accessing its website at http://www.dol.gov/ebsa/.

SECTION 14. GENERAL PROVISIONS.

(a) Notices. Any notice, demand or request required or permitted to be given by either the Company or an Eligible Employee pursuant to the terms of this Plan shall be in writing and shall be deemed given when delivered personally or deposited in the U.S. mail, First Class with postage prepaid, and addressed to the parties, in the case of the Company, at the address set forth in Section 12(d) and, in the case of an Eligible Employee, at the address as set forth in the Company's employment file maintained for the Eligible Employee as previously furnished by the Eligible Employee or such other address as a party may request by notifying the other in writing.

(b) Transfer and Assignment. The rights and obligations of an Eligible Employee under this Plan may not be transferred or assigned without the prior written consent of the Company. This Plan shall be binding upon any person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company without regard to whether or not such person or entity actively assumes the obligations hereunder.

(c) Waiver. Any party's failure to enforce any provision or provisions of this Plan shall not in any way be construed as a waiver of any such provision or provisions, nor prevent any party from thereafter enforcing each and every other provision of this Plan. The rights granted the parties herein are cumulative and shall not constitute a waiver of any party's right to assert all other legal remedies available to it under the circumstances.

(d) Severability. Should any provision of this Plan be declared or determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

(e) Section Headings. Section headings in this Plan are included for convenience of reference only and shall not be considered part of this Plan for any other purpose.

Omnicell, Inc. has caused its duly authorized officer to execute the amendment and restatement of this Plan effective as of March 7, 2017.

OMNICELL, INC.

By: /s/ Dan S. Johnston

Title: EVP and Chief Legal & Administrative Officer

EXHIBIT A

RELEASE AGREEMENT

I understand and agree completely to the terms set forth in the Omnicell, Inc. Severance Benefit Plan (the *"Plan"*).

I understand that this Release, together with the Plan, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company, affiliates of the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company or the Employer that is not expressly stated therein. Certain capitalized terms used in this Release are defined in the Plan.

I hereby confirm my obligations under my Proprietary Information and Inventions Agreement with the Company and/or the Employer.

In exchange for the Severance Benefits and other consideration provided to me by the Plan that I am not otherwise entitled to receive, and except as otherwise set forth in this Release, I hereby generally and completely release the Company, the Employers, and their current and former parents, subsidiaries, successors, predecessors and affiliates, and their current and former partners, members, directors, officers, employees, stockholders, shareholders, agents, attorneys, predecessors, insurers, affiliates and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date I sign this Release. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to my employment with the Company, the Employers or their affiliates, or the termination of that employment; (b) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company, the Employers, or their affiliates; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990 (as amended), the federal Age Discrimination in Employment Act (as amended) (***"ADEA"***), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended).

I am not releasing any claim that cannot be waived under applicable state or federal law or any rights I have to pursue a claim for workers' compensation or unemployment benefits, and I am not releasing any rights that I have to be indemnified (including any right to reimbursement of expenses) arising under applicable law, the certificate of incorporation or by-laws (or similar constituent documents of the Company), any indemnification agreement between me and the Company, the Employers, or their affiliates, or any directors' and officers' liability insurance policy of the Company, the Employers, or their affiliates. The foregoing notwithstanding, nothing in this Release shall prevent me from filing, cooperating with, communicating with, or participating in any proceeding (including providing documents or other information without notice to the Company) before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission ("SEC"), or any other federal, state or local government agency or commission (" ***Government Agencies*** "). While this Agreement does not limit my right to receive an award for information provided to the SEC, I understand and agree that, to the maximum extent permitted by law, I am otherwise waiving any and all right I have waived to individual relief based on any claims that I released and any I have waived by signing this Agreement. Nothing in this Release shall prevent me from challenging the validity of this Release in a legal or administrative proceeding.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA (" ***ADEA Waiver*** "), and that the consideration given under the Plan for the ADEA Waiver is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my ADEA Waiver and release does not apply to any rights or claims that may arise after the date I sign this Release; (b) I should consult with an attorney prior to signing this Release (although I may choose voluntarily not to do so); (c) I have twenty-one (21) days to consider this Release (although I may choose voluntarily to sign this Release earlier); (d) I have seven (7) days following the date I sign this Release to revoke the Release by providing written notice to an officer of the Company within the seven (7) day period; and (e) the ADEA Waiver shall not be effective until the date upon which the revocation period has expired unexercised, which shall be the eighth day after I sign this Release. Nevertheless, my general release of claims, except for the ADEA Waiver, is effective immediately, and not revocable.

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to me at present, I acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor."** I hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to my release of any unknown or unsuspected claims hereunder.

I acknowledge that to become effective, I must sign and return this Release to the Company so that it is received not later than twenty-one (21) days following the date it is provided to me.

I agree not to disparage Company (or its officers, directors or employees), in any manner likely to be harmful to it, them or their business, business reputation or personal reputation; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation. I understand and agree that in the event that I do not comply with this non-disparagement obligation, my Severance Benefits will be forfeited and subject to return upon demand by Company.

EMPLOYEE

Signature: _____

Print Name: _____

Date: _____

EXHIBIT B

RELEASE AGREEMENT

I understand and agree completely to the terms set forth in the Omnicell, Inc. Severance Benefit Plan (the *"Plan"*).

I understand that this Release, together with the Plan, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company, affiliates of the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company or the Employer that is not expressly stated therein. Certain capitalized terms used in this Release are defined in the Plan.

I hereby confirm my obligations under my Proprietary Information and Inventions Agreement with the Company and/or the Employer.

In exchange for the Severance Benefits and other consideration provided to me by the Plan that I am not otherwise entitled to receive, and except as otherwise set forth in this Release, I hereby generally and completely release the Company, the Employers and their current and former parents, subsidiaries, successors, predecessors and affiliates, and their current and former partners, members, directors, officers, employees, stockholders, shareholders, agents, attorneys, predecessors, insurers, affiliates and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date I sign this Release. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to my employment with the Company, the Employers or their affiliates, or the termination of that employment; (b) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company, the Employers, or their affiliates; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990 (as amended), the federal Age Discrimination in Employment Act (as amended) (***"ADEA"***), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended).

I am not releasing any claim that cannot be waived under applicable state or federal law or any rights I have to pursue a claim for workers' compensation or unemployment benefits, and I am not releasing any rights that I have to be indemnified (including any right to reimbursement of expenses) arising under applicable law, the certificate of incorporation or by-laws (or similar constituent documents of the Company), any indemnification agreement between me and the Company, the Employers, or their affiliates, or any directors' and officers' liability insurance policy of the Company, the Employers, or their affiliates. The foregoing notwithstanding, nothing in this Release shall prevent me from filing, cooperating with, communicating with, or participating in any proceeding (including providing documents or other information without notice to the Company) before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission (" ***SEC*** "), or any other federal, state or local government agency or commission (" ***Government Agencies*** "). While this Agreement does not limit my right to receive an award for information provided to the SEC, I understand and agree that, to the maximum extent permitted by law, I am otherwise waiving any and all rights I have waived to individual relief based on any claims that I released and any I have waived by signing this Agreement. Nothing in this Release shall prevent me from challenging the validity of this Release in a legal or administrative proceeding.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA ("ADEA Waiver"), and that the consideration given under the Plan for the ADEA Waiver is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my ADEA Waiver does not apply to any rights or claims that may arise after the date I sign this Release; (b) I should consult with an attorney prior to signing this Release (although I may choose voluntarily not to do so); (c) I have forty-five (45) days to consider this Release (although I may choose voluntarily to sign this Release earlier); (d) I have seven (7) days following the date I sign this Release to revoke the Release by providing written notice to an officer of the Company within the seven (7) day period; (e) the ADEA Waiver shall not be effective until the date upon which the revocation period has expired unexercised, which shall be the eighth day after I sign this Release; and (f) in accordance with 29 U.S.C. § 626(f)(1)(H), I have received with this Release a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated. Nevertheless, my general release of claims, except for the ADEA Waiver, is effective immediately, and not revocable.

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to me at present, I acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: **"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor."** I hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to my release of any unknown or unsuspected claims hereunder.

I hereby represent that I have been paid all compensation owed and for all hours worked, have received all the leave and leave benefits and protections for which I am eligible, pursuant to the Family and Medical Leave Act or otherwise, and have not suffered any on-the-job injury for which I have not already filed a claim.

I agree not to disparage Company (or its officers, directors or employees), in any manner likely to be harmful to it, them or their business, business reputation or personal reputation; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation. I understand and agree that in the event that I do not comply with this non-disparagement obligation, my Severance Benefits will be forfeited and subject to return upon demand by Company.

I acknowledge that to become effective, I must sign and return this Release to the Company so that it is received not later than forty-five (45) days following the date it is provided to me.

EMPLOYEE

Signature: _____

Print Name: _____

Date: _____

EXHIBIT C

RELEASE AGREEMENT

I understand and agree completely to the terms set forth in the Omnicell, Inc. Severance Benefit Plan (the *"Plan"*).

I understand that this Release, together with the Plan, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company, affiliates of the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company or the Employer that is not expressly stated therein. Certain capitalized terms used in this Release are defined in the Plan.

I hereby confirm my obligations under my Proprietary Information and Inventions Agreement with the Company and/or the Employer.

In exchange for the Severance Benefits and other consideration provided to me by the Plan that I am not otherwise entitled to receive, and except as otherwise set forth in this Release, I hereby generally and completely release the Company, the Employers and their current and former parents, subsidiaries, successors, predecessors and affiliates, and their current and former partners, members, directors, officers, employees, stockholders, shareholders, agents, attorneys, predecessors, insurers, affiliates and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date I sign this Release. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to my employment with the Company, the Employers or their affiliates, or the termination of that employment; (b) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company, the Employers, or their affiliates; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990 (as amended), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended).

I am not releasing any claim that cannot be waived under applicable state or federal law or any rights I have to pursue a claim for workers' compensation or unemployment benefits, and I am not releasing any rights that I have to be indemnified (including any right to reimbursement of expenses) arising under applicable law, the certificate of incorporation or by-laws (or similar constituent documents of the Company), any indemnification agreement between me and the Company, the Employers, or their affiliates, or any directors' and officers' liability insurance policy of the Company, the Employers, or their affiliates. The foregoing notwithstanding, nothing in this Release shall prevent me from filing, cooperating with, communicating with, or participating in any proceeding (including providing documents or other information without notice to the Company) before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission (" ***SEC*** "), or any other federal, state or local government agency or commission (" ***Government Agencies*** "). While this Agreement does not limit my right to receive an award for information provided to the SEC, I understand and agree that, to the maximum extent permitted by law, I am otherwise waiving any and all rights I have waived to individual relief based on any claims that I released and any I have waived by signing this Agreement. Nothing in this Release shall prevent me from challenging the validity of this Release in a legal or administrative proceeding.

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to me at present, I acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor." I hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to my release of any unknown or unsuspected claims hereunder.

I hereby represent that I have been paid all compensation owed and for all hours worked, have received all the leave and leave benefits and protections for which I am eligible, pursuant to the Family and Medical Leave Act or otherwise, and have not suffered any on-the-job injury for which I have not already filed a claim.

I agree not to disparage Company (or its officers, directors or employees), in any manner likely to be harmful to it, them or their business, business reputation or personal reputation; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation. I understand and agree that in the event that I do not comply with this non-disparagement obligation, my Severance Benefits will be forfeited and subject to return upon demand by Company.

I acknowledge that to become effective, I must sign and return this Release to the Company so that it is received not later than fourteen (14) days following the date it is provided to me.

EMPLOYEE

Signature: _____

Print Name: _____

Date: _____

APPENDIX A

OMNICELL, INC.
SEVERANCE BENEFIT PLAN

Affiliates of the Company whose employees are eligible to participate in the Omnicell, Inc. Severance Benefit Plan (each an ***"Employer"***) are as follows:

MTS Medication Technologies, Inc.

MTS Packaging Systems, Inc.

Aesynt Incorporated

ateb,Inc.

The foregoing list of Employers is subject to such change as the Company, pursuant to Section 1 of the Plan, may determine in its sole and absolute discretion. Any such change to the participating Employers shall be set forth in a revised version of this Appendix A.

Appendix A Adopted: March 7, 2017

OMNICELL, INC.

By: /s/ Dan S. Johnston

Title: EVP and Chief Legal & Administrative Officer

APPENDIX B

OMNICELL, INC.
SEVERANCE BENEFIT PLAN

Severance benefits provided to Eligible Employees under the Omnicell, Inc. Severance Benefit Plan (the ***"Plan"***) are as follows, and apply to Eligible Employees up to and including the level of Senior Manager (including Systems Sales Directors, Senior Systems Sales Directors and Directors of Corporate Sales):

1. **Severance Benefits.** Subject to the exceptions set forth in Section 2(b) of the Plan, each Eligible Employee who meets all the requirements set forth in Sections 2(a) and 4(a) of the Plan, including, without limitation, executing a general waiver and release in substantially the form attached to the Plan as Exhibit A, Exhibit B or Exhibit C, as appropriate, within the applicable time period set forth therein, but in no event more than sixty (60) days following the date of termination, and provided that such release becomes effective in accordance with its terms, shall receive severance benefits as set forth in this Appendix B. The Company, in its sole discretion, may modify the form of the required general waiver and release to comply with applicable law, and may incorporate such waiver and release into a termination agreement or other agreement with the Eligible Employee.

(a) **Cash Severance Benefit.** Eligible Employees shall be entitled to receive a cash severance benefit equal to the number of months of Base Salary set forth below next to his or her Years of Service at the time of termination. Partial Years of Service are not counted.

Years of Service	Months of Base Salary
1	1 month
2	2 months
3	3 months
For each 5 Years of Service	1 extra month

(b) **Continued Group Health Plan Benefits.** If the Eligible Employee was enrolled in a group health plan (e.g., medical, dental, or vision plan) sponsored by the Company or an affiliate of the Company immediately prior to termination, the Eligible Employee may be eligible to continue coverage under such group health plan (or to convert to an individual policy), at the time of the Eligible Employee's termination of employment, under the Consolidated Omnibus Budget Reconciliation Act of 1985 (***"COBRA"***). The Company will notify the Eligible Employee of any such right to continue such coverage at the time of termination pursuant to COBRA. No provision of this Plan will affect the continuation coverage rules under COBRA, except that the Company's payment, if any, of applicable insurance premiums, or waiver of any cost of coverage under any self-funded group health plan, will be credited as payment by the Eligible Employee for purposes of the Eligible Employee's payment required under COBRA.

Therefore, the period during which an Eligible Employee may elect to continue the Company's or its affiliate's group health plan coverage at his or her own expense under COBRA, the length of time during which COBRA coverage will be made available to the Eligible Employee, and all other rights and obligations of the Eligible Employee under COBRA (except the obligation to pay insurance premiums that the Company pays, if any, or, with respect to a self-funded plan, any obligation to pay the cost of coverage to the Company that the Company waives, if any) will be applied in the same manner that such rules would apply in the absence of this Plan.

If an Eligible Employee timely elects continued coverage under COBRA, the Company shall pay the same portion of (or, in the case of any self-funded plan, shall credit the Eligible Employee with the same portion of) the Eligible Employee's monthly premiums for COBRA continuation

coverage (including coverage for the Eligible Employee's eligible dependents) that the Company paid (or bore in the case of any self-funded plan) for the Eligible Employee's active employee coverage under the Company's group health plans (such paid or credited amount is the " ***COBRA Premium Benefit*** ") for the number of months following the Eligible Employee's termination of employment that is equal to the number of months of the cash severance benefit described above (the " ***COBRA Payment Period*** "). Notwithstanding the foregoing, no COBRA Premium Benefit shall be made or credited following the Eligible Employee's death or the effective date of the Eligible Employee's coverage under a group health plan of another employer.

Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot provide the COBRA Premium Benefit without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of providing the COBRA Premium Benefit, the Company will instead pay the Eligible Employee on the last day of each remaining month of the COBRA Payment Period a fully taxable cash payment equal to the monthly portion of the COBRA Premium Benefit that would otherwise be provided for that month, subject to applicable tax withholding (such amount, the " ***Special Severance Payment*** "), such Special Severance Payment to be made without regard to the Eligible Employee's election of COBRA coverage or payment of COBRA premiums and without regard to the Eligible Employee's continued eligibility for COBRA coverage during the COBRA Payment Period. Such Special Severance Payment shall end upon expiration of the COBRA Payment Period.

For purposes of this Section 1(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law, as applicable, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by the Eligible Employee under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Eligible Employee.

(c) **Outplacement Assistance.** Eligible Employees shall be entitled to outplacement assistance, the scope of which shall be determined by the Company in the Company's sole discretion. Eligible Employees shall not be entitled to any payment in lieu of outplacement assistance.

2. **Definitions:** The following definitions shall apply for purposes of this Appendix B:

(a) ***"Base Salary"*** shall mean the Eligible Employee's base pay (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation), at the rate in effect during the last regularly scheduled payroll period immediately preceding the Eligible Employee's termination date. For any Eligible Employees that are regular part-time employees, ***"Base Salary"*** shall mean the pro-rata equivalent of the Eligible Employee's base pay which reflects the part-time status of the Eligible Employee.

(b) ***"Years of Service"*** means a continuous complete twelve-month period commencing on an Eligible Employee's date of hire with the Company or an Employer and anniversaries thereof, during which the Eligible Employee is employed by the Company or an Employer, and ending on the date on which the Eligible Employee is notified, in writing, pursuant to Section 2(a)(1) of the Plan that he or she is eligible for participation in the Plan. For purposes of the foregoing, an Eligible Employee will receive credit for any time on a paid leave of absence, but not for time on an unpaid leave of absence.

3. **Other Employee Benefits.** All other benefits (such as life insurance, disability coverage, and 401(k) plan coverage) terminate as of the Eligible Employee's termination date (except to the extent that a conversion privilege may be available thereunder).

4. Reductions Pursuant to Section 3(c) of the Plan. The severance benefits set forth in this Appendix B are subject to certain reductions under Section 3(c) of the Plan.

The foregoing severance benefits are subject to such change as the Company, pursuant to Section 3(a) of the Plan, may determine in its sole and absolute discretion. Any such change in severance benefits shall be set forth in a revised version of this Appendix B.

Appendix B Adopted: March 7, 2017

OMNICELL, INC.

By: /s/ Dan S. Johnston

Title: EVP and Chief Legal & Administrative Officer

APPENDIX B

OMNICELL, INC.

SEVERANCE BENEFIT PLAN

Severance benefits provided to Eligible Employees under the Omnicell, Inc. Severance Benefit Plan (the ***"Plan"***) are as follows, and apply to Eligible Employees at the levels of Director and Senior Director (excluding Systems Sales Directors, Senior Systems Sales Directors and Directors of Corporate Sales):

1. **Severance Benefits.** Subject to the exceptions set forth in Section 2(b) of the Plan, each Eligible Employee who meets all the requirements set forth in Sections 2(a) and 4(a) of the Plan, including, without limitation, executing a general waiver and release in substantially the form attached to the Plan as Exhibit A, Exhibit B or Exhibit C, as appropriate, within the applicable time period set forth therein, but in no event more than sixty (60) days following the date of termination, and provided that such release becomes effective in accordance with its terms, shall receive severance benefits as set forth in this Appendix B. The Company, in its sole discretion, may modify the form of the required general waiver and release to comply with applicable law, and may incorporate such waiver and release into a termination agreement or other agreement with the Eligible Employee.

(a) **Cash Severance Benefit.** Eligible Employees shall be entitled to receive a cash severance benefit equal to the number of months of Base Salary set forth below next to his or her Years of Service at the time of termination. Partial Years of Service are not counted.

Years of Service	Months of Base Salary
Not relevant	4 months
For each 5 Years of Service	1 extra month

(b) **Continued Group Health Plan Benefits.** If the Eligible Employee was enrolled in a group health plan (e.g., medical, dental, or vision plan) sponsored by the Company or an affiliate of the Company immediately prior to termination, the Eligible Employee may be eligible to continue coverage under such group health plan (or to convert to an individual policy), at the time of the Eligible Employee's termination of employment, under the Consolidated Omnibus Budget Reconciliation Act of 1985 (***"COBRA"***). The Company will notify the Eligible Employee of any such right to continue such coverage at the time of termination pursuant to COBRA. No provision of this Plan will affect the continuation coverage rules under COBRA, except that the Company's payment, if any, of applicable insurance premiums, or waiver of any cost of coverage under any self-funded group health plan, will be credited as payment by the Eligible Employee for purposes of the Eligible Employee's payment required under COBRA.

Therefore, the period during which an Eligible Employee may elect to continue the Company's or its affiliate's group health plan coverage at his or her own expense under COBRA, the length of time during which COBRA coverage will be made available to the Eligible Employee, and all other rights and obligations of the Eligible Employee under COBRA (except the obligation to pay insurance premiums that the Company pays, if any, or, with respect to a self-funded plan, any obligation to pay the cost of coverage to the Company that the Company waives, if any) will be applied in the same manner that such rules would apply in the absence of this Plan.

If an Eligible Employee timely elects continued coverage under COBRA, the Company shall pay the same portion of (or, in the case of any self-funded plan, shall credit the Eligible Employee with the same portion of) the Eligible Employee's monthly premiums for COBRA continuation coverage (including coverage for the Eligible Employee's eligible dependents) that the Company paid (or bore in the case of any self-funded plan) for the Eligible Employee's active employee

coverage under the Company's group health plans (such paid or credited amount is the " ***COBRA Premium Benefit*** ") for the number of months following the Eligible Employee's termination of employment that is equal to the number of months of the cash severance benefit described above (the " ***COBRA Payment Period*** "). Notwithstanding the foregoing, no COBRA Premium Benefit shall be made or credited following the Eligible Employee's death or the effective date of the Eligible Employee's coverage under a group health plan of another employer.

Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot provide the COBRA Premium Benefit without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of providing the COBRA Premium Benefit, the Company will instead pay the Eligible Employee on the last day of each remaining month of the COBRA Payment Period a fully taxable cash payment equal to the monthly portion of the COBRA Premium Benefit that would otherwise be provided for that month, subject to applicable tax withholding (such amount, the " ***Special Severance Payment*** "), such Special Severance Payment to be made without regard to the Eligible Employee's election of COBRA coverage or payment of COBRA premiums and without regard to the Eligible Employee's continued eligibility for COBRA coverage during the COBRA Payment Period. Such Special Severance Payment shall end upon expiration of the COBRA Payment Period.

For purposes of this Section 1(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law, as applicable, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by the Eligible Employee under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Eligible Employee.

(c) **Outplacement Assistance.** Eligible Employees shall be entitled to outplacement assistance, the scope of which shall be determined by the Company in the Company's sole discretion. Eligible Employees shall not be entitled to any payment in lieu of outplacement assistance.

2. **Definitions:** The following definitions shall apply for purposes of this Appendix B:

(a) ***"Base Salary"*** shall mean the Eligible Employee's base pay (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation), at the rate in effect during the last regularly scheduled payroll period immediately preceding the Eligible Employee's termination date. For any Eligible Employees that are regular part-time employees, ***"Base Salary"*** shall mean the pro-rata equivalent of the Eligible Employee's base pay which reflects the part-time status of the Eligible Employee.

(b) ***"Years of Service"*** means a continuous complete twelve-month period commencing on an Eligible Employee's date of hire with the Company or an Employer and anniversaries thereof, during which the Eligible Employee is employed by the Company or an Employer, and ending on the date on which the Eligible Employee is notified, in writing, pursuant to Section 2(a)(1) of the Plan that he or she is eligible for participation in the Plan. For purposes of the foregoing, an Eligible Employee will receive credit for any time on a paid leave of absence, but not for time on an unpaid leave of absence.

3. **Other Employee Benefits.** All other benefits (such as life insurance, disability coverage, and 401(k) plan coverage) terminate as of the Eligible Employee's termination date (except to the extent that a conversion privilege may be available thereunder).

4. **Reductions Pursuant to Section 3(c) of the Plan.** The severance benefits set forth in this Appendix B are subject to certain reductions under Section 3(c) of the Plan.

The foregoing severance benefits are subject to such change as the Company, pursuant to Section 3(a) of the Plan, may determine in its sole and absolute discretion. Any such change in severance benefits shall be set forth in a revised version of this Appendix B.

Appendix B Adopted: March 7, 2017

OMNICELL, INC.

By: /s/ Dan S. Johnston

Title: EVP and Chief Legal & Administrative Officer

APPENDIX B

OMNICELL, INC.
SEVERANCE BENEFIT PLAN

Severance benefits provided to Eligible Employees under the Omnicell, Inc. Severance Benefit Plan (the ***"Plan"***) are as follows, and apply to Eligible Employees at the level of Vice President, where such Vice President is not reported by the Company as an officer under Section 16(b) of the Securities and Exchange Act of 1934:

1. **Severance Benefits.** Subject to the exceptions set forth in Section 2(b) of the Plan, each Eligible Employee who meets all the requirements set forth in Sections 2(a) and 4(a) of the Plan, including, without limitation, executing a general waiver and release in substantially the form attached to the Plan as Exhibit A, Exhibit B or Exhibit C, as appropriate, within the applicable time period set forth therein, but in no event more than sixty (60) days following the date of termination, and provided that such release becomes effective in accordance with its terms, shall receive severance benefits as set forth in this Appendix B. The Company, in its sole discretion, may modify the form of the required general waiver and release to comply with applicable law, and may incorporate such waiver and release into a termination agreement or other agreement with the Eligible Employee.

(a) **Cash Severance Benefit.** Eligible Employees shall be entitled to receive a cash severance benefit equal to the number of months of Base Salary set forth below next to his or her Years of Service at the time of termination. Partial Years of Service are not counted.

Years of Service	Months of Base Salary
Not relevant	6 months
For each 5 Years of Service	2 extra months

(b) **Continued Group Health Plan Benefits.** If the Eligible Employee was enrolled in a group health plan (e.g., medical, dental, or vision plan) sponsored by the Company or an affiliate of the Company immediately prior to termination, the Eligible Employee may be eligible to continue coverage under such group health plan (or to convert to an individual policy), at the time of the Eligible Employee's termination of employment, under the Consolidated Omnibus Budget Reconciliation Act of 1985 (***"COBRA"***). The Company will notify the Eligible Employee of any such right to continue such coverage at the time of termination pursuant to COBRA. No provision of this Plan will affect the continuation coverage rules under COBRA, except that the Company's payment, if any, of applicable insurance premiums, or waiver of any cost of coverage under any self-funded group health plan, will be credited as payment by the Eligible Employee for purposes of the Eligible Employee's payment required under COBRA.

Therefore, the period during which an Eligible Employee may elect to continue the Company's or its affiliate's group health plan coverage at his or her own expense under COBRA, the length of time during which COBRA coverage will be made available to the Eligible Employee, and all other rights and obligations of the Eligible Employee under COBRA (except the obligation to pay insurance premiums that the Company pays, if any, or, with respect to a self-funded plan, any obligation to pay the cost of coverage to the Company that the Company waives, if any) will be applied in the same manner that such rules would apply in the absence of this Plan.

If an Eligible Employee timely elects continued coverage under COBRA, the Company shall pay the same portion of (or, in the case of any self-funded plan, shall credit the Eligible Employee with the same portion of) the Eligible Employee's monthly premiums for COBRA continuation coverage (including coverage for the Eligible Employee's eligible dependents) that the Company paid (or bore in the case of any self-funded plan) for the Eligible Employee's active employee

coverage under the Company's group health plans (such paid or credited amount is the " ***COBRA Premium Benefit*** ") for the number of months following the Eligible Employee's termination of employment that is equal to the number of months of the cash severance benefit described above (the " ***COBRA Payment Period*** "). Notwithstanding the foregoing, no COBRA Premium Benefit shall be made or credited following the Eligible Employee's death or the effective date of the Eligible Employee's coverage under a group health plan of another employer.

Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot provide the COBRA Premium Benefit without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of providing the COBRA Premium Benefit, the Company will instead pay the Eligible Employee on the last day of each remaining month of the COBRA Payment Period a fully taxable cash payment equal to the monthly portion of the COBRA Premium Benefit that would otherwise be provided for that month, subject to applicable tax withholding (such amount, the " ***Special Severance Payment*** "), such Special Severance Payment to be made without regard to the Eligible Employee's election of COBRA coverage or payment of COBRA premiums and without regard to the Eligible Employee's continued eligibility for COBRA coverage during the COBRA Payment Period. Such Special Severance Payment shall end upon expiration of the COBRA Payment Period.

For purposes of this Section 1(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law, as applicable, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by the Eligible Employee under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Eligible Employee.

(c) **Outplacement Assistance.** Eligible Employees shall be entitled to outplacement assistance, the scope of which shall be determined by the Company in the Company's sole discretion. Eligible Employees shall not be entitled to any payment in lieu of outplacement assistance.

2. **Definitions:** The following definitions shall apply for purposes of this Appendix B:

(a) ***"Base Salary"*** shall mean the Eligible Employee's base pay (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation), at the rate in effect during the last regularly scheduled payroll period immediately preceding the Eligible Employee's termination date. For any Eligible Employees that are regular part-time employees, ***"Base Salary"*** shall mean the pro-rata equivalent of the Eligible Employee's base pay which reflects the part-time status of the Eligible Employee.

(b) ***"Years of Service"*** means a continuous complete twelve-month period commencing on an Eligible Employee's date of hire with the Company or an Employer and anniversaries thereof, during which the Eligible Employee is employed by the Company or an Employer, and ending on the date on which the Eligible Employee is notified, in writing, pursuant to Section 2(a)(1) of the Plan that he or she is eligible for participation in the Plan. For purposes of the foregoing, an Eligible Employee will receive credit for any time on a paid leave of absence, but not for time on an unpaid leave of absence.

3. **Other Employee Benefits.** All other benefits (such as life insurance, disability coverage, and 401(k) plan coverage) terminate as of the Eligible Employee's termination date (except to the extent that a conversion privilege may be available thereunder).

4. **Reductions Pursuant to Section 3(c) of the Plan.** The severance benefits set forth in this Appendix B are subject to certain reductions under Section 3(c) of the Plan.

The foregoing severance benefits are subject to such change as the Company, pursuant to Section 3(a) of the Plan, may determine in its sole and absolute discretion. Any such change in severance benefits shall be set forth in a revised version of this Appendix B.

Appendix B Adopted: March 7, 2017

OMNICELL, INC.

By: /s/ Dan S. Johnston

Title: EVP and Chief Legal & Administrative Officer

APPENDIX B

OMNICELL, INC.
SEVERANCE BENEFIT PLAN

Severance benefits provided to Eligible Employees under the Omnicell, Inc. Severance Benefit Plan (the ***"Plan"***) are as follows, and apply to Eligible Employees at the level of Vice President, where such Vice President is reported by the Company as an officer under Section 16(b) of the Securities and Exchange Act of 1934, and the President:

1. **Severance Benefits.** Subject to the exceptions set forth in Section 2(b) of the Plan, each Eligible Employee who meets all the requirements set forth in Sections 2(a) and 4(a) of the Plan, including, without limitation, executing a general waiver and release in substantially the form attached to the Plan as Exhibit A, Exhibit B or Exhibit C, as appropriate, within the applicable time period set forth therein, but in no event more than sixty (60) days following the date of termination, and provided that such release becomes effective in accordance with its terms, shall receive severance benefits as set forth in this Appendix B. The Company, in its sole discretion, may modify the form of the required general waiver and release to comply with applicable law, and may incorporate such waiver and release into a termination agreement or other agreement with the Eligible Employee.

(a) **Cash Severance Benefit.** Eligible Employees shall be entitled to receive a cash severance benefit equal to the number of months of Base Salary set forth below next to his or her Years of Service at the time of termination. Partial Years of Service are not counted.

Years of Service	Months of Base Salary
Not relevant	12 months
For each 5 Years of Service	2 extra months

(b) **Continued Group Health Plan Benefits.** If the Eligible Employee was enrolled in a group health plan (e.g., medical, dental, or vision plan) sponsored by the Company or an affiliate of the Company immediately prior to termination, the Eligible Employee may be eligible to continue coverage under such group health plan (or to convert to an individual policy), at the time of the Eligible Employee's termination of employment, under the Consolidated Omnibus Budget Reconciliation Act of 1985 (***"COBRA"***). The Company will notify the Eligible Employee of any such right to continue such coverage at the time of termination pursuant to COBRA. No provision of this Plan will affect the continuation coverage rules under COBRA, except that the Company's payment, if any, of applicable insurance premiums, or waiver of any cost of coverage under any self-funded group health plan, will be credited as payment by the Eligible Employee for purposes of the Eligible Employee's payment required under COBRA.

Therefore, the period during which an Eligible Employee may elect to continue the Company's or its affiliate's group health plan coverage at his or her own expense under COBRA, the length of time during which COBRA coverage will be made available to the Eligible Employee, and all other rights and obligations of the Eligible Employee under COBRA (except the obligation to pay insurance premiums that the Company pays, if any, or, with respect to a self-funded plan, any obligation to pay the cost of coverage to the Company that the Company waives, if any) will be applied in the same manner that such rules would apply in the absence of this Plan.

If an Eligible Employee timely elects continued coverage under COBRA, the Company shall pay the same portion of (or, in the case of any self-funded plan, shall credit the Eligible Employee with the same portion of) the Eligible Employee's monthly premiums for COBRA continuation coverage (including coverage for the Eligible Employee's eligible dependents) that the Company paid (or bore in the case of any self-funded plan) for the Eligible Employee's active employee

coverage under the Company's group health plans (such paid or credited amount is the " ***COBRA Premium Benefit*** ") for the number of months following the Eligible Employee's termination of employment that is equal to the number of months of the cash severance benefit described above (the " ***COBRA Payment Period*** "). Notwithstanding the foregoing, no COBRA Premium Benefit shall be made or credited following the Eligible Employee's death or the effective date of the Eligible Employee's coverage under a group health plan of another employer.

Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot provide the COBRA Premium Benefit without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of providing the COBRA Premium Benefit, the Company will instead pay the Eligible Employee on the last day of each remaining month of the COBRA Payment Period a fully taxable cash payment equal to the monthly portion of the COBRA Premium Benefit that would otherwise be provided for that month, subject to applicable tax withholding (such amount, the " ***Special Severance Payment*** "), such Special Severance Payment to be made without regard to the Eligible Employee's election of COBRA coverage or payment of COBRA premiums and without regard to the Eligible Employee's continued eligibility for COBRA coverage during the COBRA Payment Period. Such Special Severance Payment shall end upon expiration of the COBRA Payment Period.

For purposes of this Section 1(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law, as applicable, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by the Eligible Employee under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of the Eligible Employee.

(c) **Outplacement Assistance.** Eligible Employees shall be entitled to outplacement assistance, the scope of which shall be determined by the Company in the Company's sole discretion. Eligible Employees shall not be entitled to any payment in lieu of outplacement assistance.

2. **Definitions:** The following definitions shall apply for purposes of this Appendix B:

(a) ***"Base Salary"*** shall mean the Eligible Employee's base pay (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation), at the rate in effect during the last regularly scheduled payroll period immediately preceding the Eligible Employee's termination date. For any Eligible Employees that are regular part-time employees, ***"Base Salary"*** shall mean the pro-rata equivalent of the Eligible Employee's base pay which reflects the part-time status of the Eligible Employee.

(b) ***"Years of Service"*** means a continuous complete twelve-month period commencing on an Eligible Employee's date of hire with the Company or an Employer and anniversaries thereof, during which the Eligible Employee is employed by the Company or an Employer, and ending on the date on which the Eligible Employee is notified, in writing, pursuant to Section 2(a)(1) of the Plan that he or she is eligible for participation in the Plan. For purposes of the foregoing, an Eligible Employee will receive credit for any time on a paid leave of absence, but not for time on an unpaid leave of absence.

3. **Other Employee Benefits.** All other benefits (such as life insurance, disability coverage, and 401(k) plan coverage) terminate as of the Eligible Employee's termination date (except to the extent that a conversion privilege may be available thereunder).

4. **Reductions Pursuant to Section 3(c) of the Plan.** The severance benefits set forth in this Appendix B are subject to certain reductions under Section 3(c) of the Plan.

The foregoing severance benefits are subject to such change as the Company, pursuant to Section 3(a) of the Plan, may determine in its sole and absolute discretion. Any such change in severance benefits shall be set forth in a revised version of this Appendix B.

Appendix B Adopted: March 7, 2017

OMNICELL, INC.

By: /s/ Dan S. Johnston

Title: EVP and Chief Legal & Administrative Officer

Exhibit 10.2

FIRST AMENDMENT TO CREDIT AGREEMENT AND COLLATERAL AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT AND COLLATERAL AGREEMENT (this " First Amendment "), dated as of April 11, 2017, is entered into by and among OMNICELL, INC., a Delaware corporation (the " Borrower "), each Subsidiary Guarantor (as defined in the Credit Agreement (as defined below)) party hereto; each Lender (as defined in the Credit Agreement) party hereto; and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent for the Lenders under the Credit Agreement (the " Administrative Agent "). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

RECITALS

WHEREAS , the Borrower has entered into that certain Credit Agreement, dated as of January 5, 2016 (as amended through the date hereof, the " Credit Agreement "), with the Lenders from time to time party thereto and the Administrative Agent;

WHEREAS , the Borrower and the Subsidiary Guarantors have entered into the Collateral Agreement with the Administrative Agent;

WHEREAS , the Borrower has requested certain amendments to the Credit Agreement and the Collateral Agreement as more fully described herein;

WHEREAS , the Required Lenders have consented and agreed to the Borrower's requested amendments subject to the terms and conditions set forth in this First Amendment, as evidenced by the signatures of the Lenders party hereto; and

WHEREAS , by executing this First Amendment, the Borrower and each Subsidiary Guarantor reaffirms, after giving effect to each of the requested amendments, its obligations under each of the Guaranty Agreement, the Collateral Agreement and each other Loan Document (in each case as amended by this First Amendment).

NOW , **THEREFORE** , in consideration of the premises and the agreements, provisions and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

SECTION 1. AMENDMENTS / WAIVERS .

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following new defined terms in appropriate alphabetical order:

"" Aesynt Lease " means that certain Lease, dated as of December 21, 2001 (as amended, restated or otherwise modified from time to time), between McKnight Cranberry III, L.P. and Aesynt Incorporated."

"" First Amendment " means the First Amendment to Credit Agreement, dated as of April 10, 2017, among the Borrower, the Subsidiary Guarantors party thereto, the Administrative Agent, and the Lenders party thereto."

"" First Amendment Effective Date " has the meaning assigned thereto in the First Amendment."

(b) Section 9.3(k) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(k) (i) Guaranty Obligations not prohibited by Section 9.1 in respect of (A) Indebtedness of Credit Parties and (B) other obligations of Credit Parties not prohibited by this Agreement, (ii) Guaranty Obligations not prohibited by Section 9.1 in respect of (A) Indebtedness of Non-Guarantor Subsidiaries and (B) other obligations of Non-Guarantor Subsidiaries not prohibited by this Agreement (other than obligations of the type described in clause (iii) below and obligations with respect to the Aesynt Lease); provided that Guaranty Obligations incurred after the Closing Date by Credit Parties in respect of obligations

of Non-Guarantor Subsidiaries pursuant to this Section 9.3(k)(ii) shall not exceed in the aggregate at the time any such Guaranty Obligation is incurred, an amount equal to, at any time outstanding, $15,000,000, (iii) Guaranty Obligations of Credit Parties not prohibited by Section 9.1 in respect of obligations of Non-Guarantor Subsidiaries under Secured Cash Management Agreements and Secured Hedge Agreements in an aggregate amount not to exceed $15,000,000 at any time, and (iv) Guaranty Obligations not prohibited by Section 9.1 in respect of the Aesynt Lease;"

(c) Section 9.3(t) of the Credit Agreement is hereby amended by deleting the reference therein to "$10,000,000" and replacing it with "$20,000,000".

(d) Section 9.13 of the Credit Agreement is hereby amended by deleting the reference therein to "$35,000,000" and replacing it with "$45,000,000".

(e) Section 7(a) of the Collateral Agreement is hereby amended and restated in its entirety as follows:

"(a) not permit any of the Inventory or Equipment (other than Permitted Off-Site Inventory and Equipment) to be kept at a location other than those listed on Schedule 2B to the Perfection Certificate, which may be updated from time to time by delivery of a written notice to the Administrative Agent;"

SECTION 2. REPRESENTATIONS AND WARRANTIES; NO EVENTS OF DEFAULT .

The Borrower and each Subsidiary Guarantor party hereto represents and warrants that, as of the First Amendment Effective Date:

(a) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty is true and correct in all respects, on and as of the First Amendment Effective Date with the same effect as if made on and as of such date (except for any such representation and warranty that by its terms is made only as of an earlier date, which representation and warranty remains true and correct in all material respects as of such earlier date, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects as of such earlier date); and

(b) no Default or Event of Default has occurred and is continuing as of the First Amendment Effective Date, or will occur as a result of giving effect to the amendments contemplated by this First Amendment.

SECTION 3. REAFFIRMATION OF GUARANTEES AND SECURITY INTERESTS .

(a) The Borrower and each Subsidiary Guarantor party hereto hereby consents to the terms and conditions of this First Amendment.

(b) The Borrower and each Subsidiary Guarantor party hereto hereby: (i) reaffirms and confirms, immediately before and after giving effect to the amendments to the Loan Documents contemplated herein, its guarantees, pledges, grants (including, but not limited to, its grant of a security interest in the Collateral in favor of the Administrative Agent for the ratable benefit of the Secured Parties) and other undertakings under the Loan Documents to which it is a party; and (ii) agrees that: (A) each Loan Document to which it is a party shall, immediately after giving effect to the amendments to the Loan Documents contemplated herein, continue to be in full force and effect; and (B) all guarantees, pledges, grants (including, but not limited to, its grant of a security interest in the Collateral in favor of the Administrative Agent for the ratable benefit of the Secured Parties) and other undertakings thereunder shall, immediately after giving effect to the amendments to the Loan Documents contemplated herein, continue to be in full force and effect and shall accrue to the benefit of the Secured Parties.

SECTION 4. CONDITIONS TO EFFECTIVENESS .

Notwithstanding any provision herein to the contrary, this First Amendment, and the consents and approvals contained herein, shall be effective (such date, the " First Amendment Effective Date ") only if and when each of the following conditions is satisfied:

4.1 this First Amendment is signed by, and counterparts hereof are delivered to the Administrative Agent (by hand delivery, mail or telecopy) by, each Credit Party and the Required Lenders;

4.2 each of the representations and warranties contained in Section 2 of this First Amendment are true and correct on and as of the First Amendment Effective Date; and

4.3 the Borrower shall have paid all fees and expenses of the Administrative Agent in connection with this First Amendment to the extent required by Section 12.3 of the Credit Agreement.

SECTION 5. AUTHORIZATION TO MODIFY AND EXECUTE LOAN DOCUMENTS.

This First Amendment, when executed, shall be construed as an amendment and a supplement to the Credit Agreement and the Collateral Agreement and shall form a part of the Credit Agreement and the Collateral Agreement, as applicable. The undersigned Lenders, constituting the Required Lenders, hereby: (a) authorize and direct the Administrative Agent to execute this First Amendment; (b) consent to the transactions contemplated by this First Amendment; and (c) authorize and direct the Administrative Agent to take any and all actions and execute such documents as shall be required to give effect to or otherwise implement this First Amendment.

SECTION 6. MISCELLANEOUS

6.1. No Waiver; Continuing Effect of Loan Documents . Except as specifically modified pursuant to the terms of this First Amendment: (a) the terms and conditions of the Credit Agreement and the other Loan Documents remain in full force and effect; and (b) nothing herein: (i) shall constitute a waiver, amendment or modification of any other provision of the Credit Agreement or any other Loan Document; or (ii) shall be construed as a waiver or consent to any further or future action on the part of the Borrower or any Subsidiary Guarantor. Nothing herein shall limit in any way the rights and remedies of the Administrative Agent or the Lenders under the Credit Agreement or under any other Loan Document. This First Amendment is a Loan Document under and as defined in the Credit Agreement.

6.2. Counterparts . This First Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this First Amendment by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this First Amendment.

6.3. Severability . Any provision of this First Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

6.4. Governing Law . This First Amendment, and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this First Amendment and the transactions contemplated hereby and thereby, shall be governed by, and construed in accordance with, the law of the State of New York.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

OMNICELL, INC. ,
a Delaware corporation,
as the ***Borrower***

By: _____/s/ Peter Kuipers_____

Name: _____Peter Kuipers_____

Title: _____CFO_____

MEDPAK HOLDINGS, INC. ,
a Delaware corporation,
as a ***Subsidiary Guarantor***

By: _____/s/ Rob Seim_____

Name: _____Rob Seim_____

Title: _____President_____

MTS MEDICATION TECHNOLOGIES, INC. ,
a Delaware corporation,
as a ***Subsidiary Guarantor***

By: _____/s/ Peter Kuipers_____

Name: _____Peter Kuipers_____

Title: _____CFO_____

MTS PACKAGING SYSTEMS, INC. ,
a Florida corporation,
as a ***Subsidiary Guarantor***

By: _____/s/ Peter Kuipers_____

Name: _____Peter Kuipers_____

Title: _____CFO_____

WELLS FARGO BANK, NATIONAL ASSOCIATION ,
as the ***Administrative Agent*** and a ***Lender***

By: _____/s/ Teddy Koch_____
Name: _____Teddy Koch_____
Title: _____Director_____

JPMorgan Chase Bank, N.A.,
as a ***Lender***

By: _____/s/ Marshall Trenckmann_____
Name: _____Marshall Trenckmann_____
Title: _____Executive Director_____

HSBC BANK USA, N.A.,
as a ***Lender***

By: _____/s/ Tyler J. Mei_____
Name: _____Tyler J. Mei_____
Title: _____VP, Global Relationship Manager___

Comerica Bank,
as a ***Lender***

By: _____/s/ Mark C. Skrzynski, Jr._____
Name: _____Mark C. Skrzynski, Jr._____
Title: _____Vice President_____

Fifth Third Bank,
as a ***Lender***

By: _____/s/ Thomas Avery_____
Name: _____Thomas Avery_____
Title: _____Vice President_____

Bank of the West,
as a ***Lender***

By: _____/s/ Terry Switz_____ _
Name: _____Terry Switz_____ _
Title: _____Director_____

COMPASS BANK,
as a ***Lender***

By: _____/s/ Joseph W. Nimmons_____
Name: _____Joseph W. Nimmons_____
Title: _____Relationship Manager_____

MUFG Union Bank, N.A,
as a ***Lender***

By: _____/s/ Teuta Ghilaga_____
Name: _____Teuta Ghilaga_____
Title: _____Director_____

SUNTRUST BANK,
as a ***Lender***

By: _____/s/ Min Park_____
Name: _____Min Park_____
Title: _____Vice President_____

Citizens Bank, N.A.,
as a ***Lender***

By: _____/s/ Prasanna Manyem_____
Name: _____Prasanna Manyem_____
Title: _____Vice President_____

Exhibit 10.3

FIFTH AMENDMENT TO LEASE

THIS FIFTH AMENDMENT TO LEASE (this " **Fifth Amendment** ") is made as of the 28th day of April, 2017, between **McKnight Cranberry III, L.P.** , a Delaware limited Partnership (" **Landlord** "), and **Aesynt Incorporated** , formerly known as McKesson Automation Inc.

WHEREAS, Landlord and Tenant are parties to that certain Lease dated December 21, 2001 (the " **Original Lease** "), a certain First Amendment to Lease dated February 8, 2005 (the " **First Amendment** "), a certain Second Amendment to Lease dated April 21, 2008 (the " **Second Amendment** "), a certain Third Amendment to Lease dated January 11, 2011 (the " **Third Amendment** ") and a certain Fourth Amendment to Lease dated October 29, 2013 (the " **Fourth Amendment** ") pursuant to which Tenant leases, prior to this Fifth Amendment, approximately one hundred two thousand seven hundred forty-one (102,741) rentable square feet (" **Existing Premises** ") of a certain building located at 500 Cranberry Woods Drive, Cranberry Township, Pennsylvania (" **Building** ");

WHEREAS, the Original Lease, the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment are collectively referred to herein as the " **Lease** ";

WHEREAS, the Term of the Lease is scheduled to expire on December 31, 2019;

WHEREAS, Landlord and Tenant desire to amend the Lease to (i) expand the Existing Premises by adding thereto Suite 100 containing 7,374 rentable square feet and Suite 150 containing 6,143 rentable square feet on the 1 st floor of the Building, (ii) extend the Term of the Lease by one hundred eight (108) calendar months, and (iii) revise certain other provisions of the Lease in accordance with the terms of this Fifth Amendment.

NOW THEREFORE, in consideration for the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Landlord and Tenant, intending to be legally bound hereby, agree that the following modifications shall be made to the Lease:

1. **Recitals.** The foregoing recitals are incorporated herein by reference and made a part of this Fifth Amendment as though fully set forth herein. All capitalized terms used but not otherwise defined or re-defined in this Fifth Amendment shall have the meaning ascribed to them in the Lease. For purposes of this Fifth Amendment, (i) the term " **Fifth Amendment Effective Date** " shall mean the date on which this Fifth Amendment is fully executed and delivered by and between Landlord and Tenant, (ii) the term " **Fifth Amendment Commencement Date** " shall mean the date that is one hundred fifty (150) days following the Fifth Amendment Effective Date, (iii) the term " **Fifth Amendment Rent Commencement Date** " shall mean the date that is one

hundred eighty (180) days following the Fifth Amendment Effective Date, and (iv) the term " **Fifth Amendment Expansion Premises** " shall mean Suite 100 containing 7,374 rentable square feet and Suite 150 containing 6,143 rentable square feet on the 1 st floor of the Building as depicted on Fifth Amendment Exhibit A attached hereto and made a part of this Fifth Amendment and the Lease. Landlord and Tenant shall, within ten (10) days after the written request of either, execute a letter acknowledging the dates on which the Fifth Amendment Effective Date, the Fifth Amendment Commencement Date and the Fifth Amendment Rent Commencement Date occurred, provided, however, the failure to do so will not affect the determination of such dates.

2. **Premises** . Effective on and after the Fifth Amendment Effective Date, the term " **Premises** " when referred to in this Fifth Amendment and in the Lease shall mean **116,258** rentable square feet consisting of (i) the Existing Premises containing 102,741 rentable square feet on a portion of the 1 st floor and the entire 2 nd , 3 rd , and 4 th floors of the Building, and (ii) the Fifth Amendment Expansion Premises containing 13,517 rentable square feet on the 1 st floor of the Building.

3. **Lease Term.** Notwithstanding anything to the contrary contained in the Lease, the Lease Term is hereby extended for a period of 108 full calendar months beginning on January 1, 2020 (" **Third Extended Term** ") so that the Lease Term shall expire on December 31, 2028 (" **Expiration Date** "), subject to Tenant's Renewal Option as set forth in Paragraph 9 of this Fifth Amendment.

4. **Base Rent.** Prior to the Fifth Amendment Rent Commencement Date, Tenant shall continue to pay Base Rent in the amount of $216,184.19 as set forth in the Lease (see paragraph 4 of the Fourth Amendment). Notwithstanding anything to the contrary contained in the Lease, on and after the Fifth Amendment Rent Commencement Date, Tenant shall pay to Landlord Base Rent for the Premises in monthly installments on the first day of each calendar month, in advance, without offset or deduction of any kind, as follows:

(i) $244,626.21 per month (based on an annual rate of $25.25 per rentable square foot of the Premises) during the period of the Lease Term beginning on the Fifth Amendment Rent Commencement Date (as prorated for less than a full calendar month if the Fifth Amendment Rent Commencement Date is not the first day of a calendar month) and ending on December 31, 2017;

(ii) $249,470.29 per month (based on an annual rate of $25.75 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2018 and ending on December 31, 2019;

(iii) $251,892.33 per month (based on an annual rate of $26.00 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2020 and ending on December 31, 2020;

(iv) $254,314.38 per month (based on an annual rate of $26.25 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2021 and ending on December 31, 2021;

(v) $256,736.42 per month (based on an annual rate of $26.50 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2022 and ending on December 31, 2022;

(vi) $261,580.50 per month (based on an annual rate of $27.00 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2023 and ending on December 31, 2023;

(vii) $264,002.54 per month (based on an annual rate of $27.25 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2024 and ending on December 31, 2024;

(viii) $266,424.58 per month (based on an annual rate of $27.50 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2025 and ending on December 31, 2025;

(ix) $271,268.67 per month (based on an annual rate of $28.00 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2026 and ending on December 31, 2026;

(x) $273,690.71 per month (based on an annual rate of $28.25 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2027 and ending on December 31, 2027; and

(xi) $276,112.75 per month (based on an annual rate of $28.50 per rentable square foot of the Premises) during the period of the Lease Term beginning on January 1, 2028 and ending on December 31, 2028

5. **Tenant's Share.** Prior to the Fifth Amendment Commencement Date, Tenant's Share shall remain at 86.02% (see paragraph 5 of the Fourth Amendment). Notwithstanding anything to the contrary contained in the Lease, Landlord and Tenant acknowledge and agree that, beginning on the Fifth Amendment Commencement Date and ending on the Expiration Date, Tenant's Share shall be 97.33% (116,258 / 119,444), as may be adjusted from time to time in accordance with Section 1.2 of the Original Lease.

6. **Operating Cost Base Year, Janitorial, HVAC Charge.**

(a) Operating Cost Base Year . Prior to January 1, 2020, Tenant's Operating Costs Base Year shall remain Calendar Year 2017. Notwithstanding anything to the contrary contained in the Lease, Landlord and Tenant acknowledge and agree that beginning

on January 1, 2020 and ending on the Expiration Date, the Operating Costs Base Year shall be Calendar Year 2020.

(b) Janitorial . Tenant, Landlord and Landlord's cleaning and janitorial services provider shall meet periodically, at intervals reasonably requested by Tenant, to review the performance of such janitorial services provider and to address the reasonable requirements and requests of Tenant regarding the cleaning and janitorial services provided by Landlord. Landlord shall use reasonable efforts to accommodate Tenant's requirements and requests.

(c) Additional HVAC Sevices . Notwithstanding anything to the contrary contained in the Lease, If Tenant requests that Landlord furnish HVAC service to the Premises at times other than Normal Business Hours, Tenant shall pay to Landlord the sum of $37.50 per hour for each hour of HVAC service during other than Normal Business Hours.

7. **Real Estate Tax Base Year.** Prior to January 1, 2020, Tenant's Real Estate Tax Base Year shall remain Calendar Year 2017. Notwithstanding anything to the contrary contained in the Lease, Landlord and Tenant acknowledge and agree that beginning on January 1, 2020 and ending on the Expiration Date, the Real Estate Tax Base Year shall be Calendar Year 2020.

8. **Condition of Premises, Tenant Improvement Allowance.** Tenant has inspected the Fifth Amendment Expansion Premises, is familiar with the condition of the Fifth Amendment Expansion Premises and accepts the Fifth Amendment Expansion Premises and the Existing Premises in current "as-is" condition, with all faults and without any work or improvement required of Landlord. Landlord shall deliver possession of the Fifth Amendment Expansion Premises to Tenant on the Fifth Amendment Effective Date. Notwithstanding anything to the contrary set forth in the Lease, Landlord shall not be responsible for performing any demolition, or any work or improvements to or at the Fifth Amendment Expansion Premises or the Existing Premises.

On and after the Fifth Amendment Effective Date, Tenant shall, at Tenant's sole cost and expense, perform all necessary demolition work and install all improvements, fixtures and equipment in the Premises as reasonably required by Tenant for the conduct of Tenant's business (" **Tenant's Work** "). Tenants Work may include, but not be limited to, relocating Tenant's existing Demo Lab from the 4 th floor of the Existing Premises to the 1 st floor of the Building, constructing a Performance Center, Solution Center and a Robot Lab on the 1 st floor of the Building and upgrading the lighting, painting, ceiling tiles and carpeting in the Existing Premises. In addition, Tenant's Work may include, subject to approval by the Cranberry Woods Owner's Association, Inc. and its review committees, exterior doors with direct access to Tenant's Premises for the delivery of products and shipments to the Premises. Upon installation of such exterior doors, Tenant shall be entitled to conduct shipping and receiving functions during

Tenant’s normal business hours of operation, notwithstanding anything in the Lease to the contrary.

All Tenant’s Work shall be (i) completed in accordance with the plans and specifications approved by Landlord; (ii) completed in accordance with all applicable laws, statutes, ordinances, codes, rules and regulations, including all permitting and approval requirements; (iii) carried out promptly in a good and workmanlike manner; (iv) comprised of all new materials and finishes at least equivalent in quality and quantity to materials and finishes existing at the Building and in accordance with the provisions of Article 15 of the Lease regarding Tenant’s Alterations; and (v) free of defect in materials and workmanship. Tenant shall prepare and obtain Landlord’s approval of the plans and specifications for Tenant's Work prior to commencing Tenant’s Work. Landlord's approval of the plans and specifications shall not be unreasonably withheld, delayed or conditioned and shall not be deemed to be a representation or warranty with regard to the sufficiency or compliance of the plans and specifications or the Tenant's Work. Tenant shall provide Landlord with proof of adequate insurance for the performance by Tenant or its contractors of all of Tenant’s Work. Tenant shall pay for all damage to the Premises, Building and Land caused by Tenant or Tenant’s contractors in the performance of Tenant’s Work. Tenant shall indemnify, defend and hold harmless Landlord and Landlord’s agents from any claims, damages, injury, costs and expenses including, but not limited to mechanic’s liens, arising as a result of Tenant’s Work or any defect in design, material or workmanship of any Tenant’s Work. The architect and contractor for the planning and construction of Tenant's Work shall be subject to Landlord’s reasonable approval.

As a contribution to the performance of Tenant's Work, Landlord shall contribute, as Tenant's improvement allowance, an amount equal to the lesser of (a) the actual cost of Tenant’s Work or (b) $2,390,018.00 (" **Tenant Improvement Allowance** "). Tenant shall have the right to use the Tenant Improvement Allowance to pay the costs associated with Tenant's Work at the Premises, which shall include (i) all hard costs to complete Tenant's Work (such as labor and materials, general conditions, rubbish removal, utilities, building permits, inspections fees, insurance and the like), (ii) all soft costs to complete Tenant's Work (such as architectural and engineering fees, and the cost of plans and specifications), (iii) construction management fees, and (iv) any sales tax levied on the Tenant's Work. To the extent that the actual cost of Tenant’s Work is less than $2,390,018.00, such difference shall be retained by Landlord, and Tenant shall not be entitled to any payment of or any rent credit for the amount of such difference.

Landlord’s payment of the Tenant Improvement Allowance shall be disbursed to Tenant in periodic progress draws (requested no more than once in any ninety (90) day period) within forty-five (45) days after the requisite request and documentation therefor are submitted by Tenant and received by Landlord (“ **Periodic Request** ”). The final payment of the Tenant Improvement Allowance shall be disbursed to Tenant within forty-five (45) days after Substantial Completion of Tenant’s Work and the requisite

request and documentation therefor are submitted by Tenant and received by Landlord (" **Final Request** ").

With each Periodic Request, Tenant shall submit to Landlord (i) a statement by Tenant that the Tenant Improvements documented in such Periodic Request have been completed, to the extent applicable to the date of such Periodic Request, in accordance with the requirements of this Lease, (ii) an Architect's certificate detailing the percentage of the Tenant's Work completed through the date applicable to such Periodic Request, (iii) invoices for the cost of Tenant's Work applicable to such Periodic Request, and (iv) a waiver of lien from each contractor, subcontractor, materialman and supplier providing materials, services or labor for the performance of such Tenant's Work evidenced by such invoices, which waivers shall be final as to all work for which contractor, subcontractor or supplier has been paid previously and may be conditioned on Tenant's payment to such contractor, subcontractor, materialman and supplier of a specific sum identified in such waiver as then currently owing. Each periodic funding shall be in an amount equal to 80% of Tenant's Periodic Request based on percentage completion certified by the architect. Upon Tenant's Final Request, 100% of the cost of Tenant's Work shall be funded. With the Final Request Tenant shall submit to Landlord (1) an architect's certificate stating that Tenant has fully completed the Tenant's Work at the Premises in material accordance with Tenant's plans and specifications, as approved by Landlord, and all applicable statutes, laws, ordinances, codes and regulations pertaining to such Tenant's Work, (2) an Affidavit signed by the appropriate officer or individual partner of Tenant identifying all contractors, subcontractors, materialmen and suppliers used by Tenant for the Tenant's Work, (3) a final and unconditional waiver of lien from all contractors, subcontractors, materialmen and suppliers providing materials, services or labor for the performance of the Tenant's Work, (4) a copy of Tenant's "as built" plans, and Tenant's occupancy certificate for the Premises, and (5) invoices for all Tenant's Work applicable to such Final Request.

Prior to the commencement of construction of the Tenant's Work, Tenant shall obtain an estimate of the cost of Tenant's Work from the contractor and all other vendors and suppliers selected by Tenant for review by Landlord. In the event the estimated cost of Tenant's Work exceed the Tenant Improvement Allowance, or remaining balance thereof, Landlord and Tenant shall fund the cost of Tenant's Work, *pari passu* , so that each agrees to pay its proportionate share of the estimated cost of Tenant's Work in progress payments as provided above based on the percentage of the Tenant's Work completed, provided, however, that the entire amount paid by Landlord based on Landlord's proportionate share shall in no event exceed the Tenant Improvement Allowance.

Tenant shall not be entitled to payment of the Tenant Improvement Allowance until such time as Tenant shall satisfy the applicable foregoing conditions. Tenant hereby waives any Tenant Improvement Allowance not requested by Tenant in accordance with the procedures contained in this Fifth Amendment prior to December 31, 2019.

Landlord shall not disburse to Tenant the Tenant Improvement Allowance if Tenant is in default of this Lease beyond any applicable cure period.

9. **Renewal Option.** Article 50 of the Lease, as amended by Paragraph 11 of the First Amendment, Paragraph 10 of the Second Amendment, Paragraph 12 of the Third Amendment and Paragraph 9 of the Fourth Amendment, shall be deleted in its entirety and in lieu thereof shall be inserted the following:

"50. RENEWAL OPTION

A.) Renewal Option . Tenant is hereby granted one (1) option (" **Renewal Option** ") to extend the Lease Term for a period of five (5) years (" **Renewal Term** "). Tenant may exercise the Renewal Option upon written notice (" **Renewal Notice** ") given to Landlord no earlier than 365 days and no later than 270 days before the Expiration Date of the Lease Term (" **Notice Period** "). If Tenant fails to give Landlord the Renewal Notice within the Notice Period, then Tenant shall be deemed to have elected not to exercise the Renewal Option and this Renewal Option shall be deemed to null and void; time being of the essence in with regard to delivery of the Renewal Notice.

B.) Renewal Term . If the Renewal Notice is timely given, the Renewal Term will be on the same terms and conditions as those contained in the Lease except as follows:

i. There shall be no further rights to renew after the exercise of the Renewal Option granted herein;

ii. Any Tenant Improvement Allowances, TI Allowance, rental concessions, Landlord's Work or other such allowance or improvements provided by Landlord to Tenant in the Lease shall not be applicable in the Renewal Term;

iii. The Base Rent for the Renewal Term shall be 100% of the Fair Market Rental Value as determined by agreement between Landlord and Tenant or, if Landlord and Tenant are unable to agree, as set forth in sub-paragraph C immediately below. For purposes of this Article 50 the Fair Market Rental Value of the Premises shall be the amount that a willing, comparable, new (i.e., non-renewal), non-equity tenant would pay, and that a willing landlord of a comparable space, both in terms of size and age of the Premises and within a five (5) mile radius of Cranberry Woods Office Park, would accept at arms' length. The Fair Market Rental Value for the Renewal Term may be less than or greater than the Base Rent paid by Tenant during the Lease Term. Appropriate consideration shall be given to (a) the annual rental rate per rentable square foot; (b) the definition of rentable square feet for purposes of comparing the rate; (c) location, quality and age of the Building; (d) the financial condition (e.g., creditworthiness) of Tenant; (e) escalation (including

type, base year and stop) and abatement provisions reflecting free rent and /or no rent during the period of construction; (f) brokerage commissions, if any, (g) length of the lease term; (h) size and location (including floor level) of the Premises; (i) building standard work letter and/or tenant improvement allowance, if any; provided, however, the Fair Market Rental Value shall not include any tenant improvements or any alterations made by Tenant; (j) condition of space; (k) lease takeover/assumptions; (l) moving expenses and other concessions; (m) extent of services to be provided; (n) distinctions between "gross" and "net" leases; (o) base year figures or expense stops for escalation purposes for both operating costs and ad valorem/real estate taxes; (p) the time the particular rental rate under consideration becomes or is to become effective; (q) applicable caps, if any, on the amount of real estate taxes and assessments passed through to tenants; and (r) other generally applicable conditions of tenancy for the space in question. Tenant shall obtain the same rent and other benefits that Landlord would otherwise give to any comparable prospective tenant.

iv. Base Year . Notwithstanding anything to the contrary contained in the Lease, the Operating Costs Base Year and Real Estate Tax Base Year during the entire Renewal Term shall be Calendar Year 2029.

C.) Acceptance/Rejection . If Landlord and Tenant are not able to agree on the Base Rent for the Renewal Term by a date which is two-hundred forty (240) days prior to the commencement date of the Renewal Term, then within thirty (30) days thereafter (" **Appointment Period** ") each party shall appoint a real estate appraiser with at least ten (10) years full time commercial appraisal experience in valuing leasehold commercial office space in the vicinity of the Premises to determine the Base Rent based on the then Fair Market Rental Value for the Renewal Term. If either party fails to appoint a real estate appraiser within the Appointment Period the Base Rent of the duly appointed appraiser shall control. The two (2) appraisers appointed by the parties shall meet to set the then Base Rent for the Renewal Term. If they are unable to agree within twenty (20) days after expiration of the Appointment Period, they shall select a third appraiser, who shall be a person who meets the qualifications set forth in this paragraph and who has not previously acted in any capacity for either party. If the two appraisers are unable to agree upon a third appraiser, either of the parties may apply to the then presiding judge of the Common Pleas Court of Butler County, Pennsylvania for the selection of the third (3 rd) appraiser, who shall be a person who meets the qualifications set forth above. Landlord and Tenant shall each bear one-half (1/2) of the cost of appointing the third appraiser and of paying the third appraiser's fee. As soon as possible following selection or appointment of the third appraiser, the appraisers shall set the Base Rent for the Premises for the Renewal Term. If a majority of the appraisers is unable to set the Base Rent within twenty (20) days after appointment of the third appraiser, the three (3) appraisals shall be added

together and their total divided by three (3); the resulting quotient shall be the Base Rent rate for the Premises for the Renewal Term. If the low appraisal is more than ten percent (10%) lower than the middle appraisal, the low appraisal shall be disregarded; if the high appraisal is more than ten percent (10%) higher than the middle appraisal, the high appraisal shall be disregarded. If only one appraisal is disregarded, the remaining two (2) appraisals shall be added together and their total divided by two (2), and the resulting quotient shall be the Base Rent rate for the Premises for the Renewal Term. If two of the appraisals shall be disregarded, the middle appraisal shall determine the Base Rent rate in the Renewal Term. Base Rent for the Renewal Term as so determined shall be effective as of the commencement date of the Renewal Term and shall be adjusted retroactively if determined after the commencement date of the Renewal Term.

D.) Restrictions/Conditions . Tenant's Renewal Option shall be personal to Aesynt Incorporated, and shall terminate if (i) a Default shall exist at the time of exercise of the Renewal Option or the commencement date of the Renewal Term, or an event has occurred which with notice and the lapse of time shall be a Default if not cured at the time of exercise of the Renewal Option or the commencement date of the Renewal Term, (ii) the Lease or Tenant's right to possession of the Premises has been terminated, (iii) Tenant transfers any of its interest in this Lease or any portion of the Premises except to an entity not requiring Landlord's consent as provided in the Lease."

10. **Expansion.** Article 52 of the Lease, as amended by Paragraph 12 of the First Amendment, Paragraph 13 of the Third Amendment and Paragraph 10 of the Fourth Amendment, shall be deleted in its entirety and in lieu thereof shall be inserted the following:

"52. EXPANSION

52.1 Non-Exclusive Expansion Option

(a) During the Lease Term Tenant shall have the non-exclusive right (" **Expansion Option** "), but not the obligation, to add to the Premises any available office space in the Building that is then vacant and is not subject to a lease, letter of intent, term sheet or other such agreement for use or occupancy by a third party (" **Available Expansion Space** "). Tenant acknowledges and agrees that this Expansion Option is not exclusive to Tenant and, unless and until Tenant exercise this Expansion Option, Landlord shall have the unencumbered right (subject only to Tenant's Right of First Refusal set forth in Section 52.2 below) to lease the Available Expansion Space to any person or entity on such terms as Landlord determines in its sole discretion.

(b) Tenant may exercise the Expansion Option at any time during the Lease Term by written notice identifying the portion of the Available Expansion Space that Tenant desires to add to the Premises (" **Office Expansion Space** "). The configuration of the Office Expansion Space shall be subject to Landlord's reasonable approval based on the proportion of windows to rentable area, ingress, egress, access to common and core areas of the Building and the like with regard to both the Office Expansion Space and the remaining Available Expansion Space. Any Office Expansion Space with respect to which Tenant exercises its rights will be delivered by Landlord to Tenant in its "as-is" condition along with payment by Landlord to Tenant of an Office Expansion Allowance equal to the amount of $40.00 per square foot of rentable area of the Office Expansion Space desired by Tenant times a fraction, the numerator of which is the number of days remaining in the Lease Term after the applicable Office Expansion Space is added to the Premises and the denominator of which is the number of days during the period of the Lease Term beginning on the Fifth Amendment Commencement Date and ending on the Expiration Date. Any Office Expansion Space will become part of the Premises on the date on which Landlord delivers such Office Expansion Space to Tenant in the condition required herein and the Premises will then be deemed to include any such Office Expansion Space. All of the provisions of this Lease will apply to any Office Expansion Space added to the Premises, provided, however, Landlord will not be obligated to grant any concessions or allowances with respect to any Office Expansion Space except as set forth in this Section 52.1.

(c) The Base Rent rate for any Office Expansion Space will be the Base Rent rate in effect on the date on which the applicable Office Expansion Space becomes part of the Premises, subject to subsequent increases in Base Rent during the Lease Term. The Base Rent will be increased 150 days after the day on which the Office Expansion Space becomes part of the Premises by an amount equal to the product of (i) the number of rentable square feet of the applicable Office Expansion Space multiplied by (ii) the Base Rent per rentable square foot of the Premises in effect on the day on which the Office Expansion Space becomes part of the Premises. Tenant's Share will be increased as of the day on which any Office Expansion Space becomes part of the Premises to a fraction whose numerator is the sum of the rentable square feet of the Premises and the new Office Expansion Space, and whose denominator is the rentable square feet of the Building.

(d) Tenant's rights granted in this Paragraph are personal to Aesynt Incorporated and shall terminate if (i) a Default shall exist at the time of exercise of the Expansion Option, or an event has occurred which with notice and the lapse of time shall be a Default if not cured at the time of exercise of the Expansion Option, (ii) the Lease or Tenant's right to possession of the Premises has been terminated, (iii) Tenant transfers any of its interest in this Lease or any portion of the Premises except to an entity not requiring Landlord's consent

as provided in the Lease or (iv) less than two full years remain in the Lease Term.

52.2 Right of First Refusal

(a) Refusal Space/Offer . Reference is made to any available office space in the Building that is then vacant and is not subject to a lease, letter of intent, term sheet or other such agreement for use or occupancy by a third party (" **Available Refusal Space** "). If during the Lease Term, Landlord receives a bona fide offer from a third party (" **Third Party Offer** ") to lease all or any portion of the Available Refusal Space ("Refusal Space") and Landlord is willing to accept the terms of such Third Party Offer, Landlord shall first offer (" **Offer Notice** ") to lease to Tenant the Refusal Space on the same terms and conditions as the Third Party Offer; such Offer Notice shall be in writing, specify the rent to be paid for the Refusal Space, contain the other basic terms and conditions of the Third Party Offer and the date on which the Refusal Space shall be included in the Premises. Tenant shall notify Landlord in writing whether Tenant elects to lease all of the Refusal Space on the same terms and conditions as the Third Party Offer set forth in the Offer Notice within fifteen (15) business days after Landlord delivers to Tenant the Offer Notice, time being of the essence.

(b) Acceptance . If Tenant timely elects to lease the Refusal Space within such fifteen (15) business day period, then Landlord and Tenant shall execute an amendment to the Lease, effective as of the date the Refusal Space is to be included in the Premises, on the same terms as the Lease except (i) the Base Rent rate for the Refusal Space shall be the amount specified in the Offer Notice, (ii) the lease term for the Refusal Space shall be that specified in the Offer Notice and, if the lease term in the Offer Notice extends beyond the expiration of the Lease Term of this Lease, Tenant shall be permitted to extend the Lease Term of this Lease to be coterminous with the lease term for the Refusal Space, (iii) the Refusal Space shall be delivered to Tenant and Tenant shall take same in "as-is" condition, and Landlord shall not be required to construct any tenant improvements in the Refusal Space or provide to Tenant any allowances other than those contained in the Offer Notice, if any, and (iv) any other terms set forth in the Lease which are inconsistent with the terms of the Offer Notice shall be modified accordingly with respect to the Refusal Space. Notwithstanding the foregoing, if the Offer Notice includes space in excess of that desired by Tenant, Tenant must exercise its right hereunder, if at all, as to all of the space contained in the Offer Notice. If the Offer Notice is for less than all the Available Refusal Space, then the Right of First Refusal shall continue for the remainder of any Available Refusal Space.

(c) Rejection . If Tenant fails or is unable to timely exercise its right hereunder, then such right shall lapse, time being of the essence with respect to the exercise

thereof, and Landlord may lease the portion of the Refusal Space described in the Offer Notice to the third party on the terms contained in the Offer Notice or such terms as Landlord may elect.

(d) On-Going Right . Not used

(e) Exclusion . Not used.

(f) Restrictions . This Right of First Refusal is personal to Aesynt Incorporated and shall terminate if (i) a Default shall exist at the time of Tenants' election to lease the Refusal Space, or an event has occurred which with notice and the lapse of time shall be a Default if not cured at the time of Tenant's election to lease the Refusal Space, (ii) the Lease or Tenant's right to possession of the Premises has been terminated, (iii) Tenant transfers any of its interest in this Lease or any portion of the Premises except to an entity not requiring Landlord's consent as provided in the Lease, or (iv) less than two full years remain in the Lease Term."

11. **Tenant's Early Termination Right.** Paragraph 12 of the Fourth Amendment is hereby deleted in its entirety and rendered null and void reflecting the intent of Landlord and Tenant that Tenant's right to exercise the Termination Option set forth therein is without further force or effect.

12. **Tenant's Address.** Notwithstanding anything to the contrary contained in the Lease, the Notice address for Tenant shall be as follows, until written notice of a change in address is issued to Tenant:

Notices: Aesynt Incorporated
500 Cranberry Woods Drive
Cranberry, PA 16066

Copy to:
Omnicell, Inc.
590 E. Middlefield Road
Mountain View, CA 94043

13. **Brokers.** Tenant was represented in the transaction evidenced by this Fifth Amendment by Colliers International/Pittsburgh (Patrick Sentner), a licensed real estate broker (" **Tenant's Broker").** Landlord also was represented in the transaction evidenced by this Fifth Amendment by CBRE (Ralston Merchant) (" **Landlord's Broker** "). Landlord shall be solely responsible for paying the commission or fee owed to the Tenant's Broker and the Landlord's Broker in accordance with a mutually acceptable separate commission agreement. Each party to this Fifth Amendment shall indemnify, defend and hold harmless the other party from and against any and all claims asserted against such other indemnified party by any other real estate broker, finder or intermediary claiming representation of the indemnifying party (excluding, with

regard to Tenant, Tenant's Broker and the Landlord's Broker) in connection with this Fifth Amendment.

14. **Effect.** All other terms, conditions, covenants, agreements and provisions contained in the Lease that are not revised by or in conflict with the terms of this Fifth Amendment shall remain in full force and effect and are hereby ratified and confirmed by Landlord and Tenant to the extent consistent with this Fifth Amendment.

15. **No Offer.** The submission of this Fifth Amendment to Tenant or its broker or other agent does not constitute an offer. This Fifth Amendment shall have no force or effect until: (a) it is executed and delivered by Tenant to Landlord; and (b) it is executed and delivered by Landlord to Tenant.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Fifth Amendment to be executed as of the date first written above.

LANDLORD:

MCKNIGHT CRANBERRY III, L.P.

By: McKnight Cranberry III GP, LLC, General Partner

By: _____ /s/ William C. Rudolph_____
William C. Rudolph, Managing Member

TENANT:

ATTEST

By: ____ /s/ Michelle Smith_____

AESYNT INCORPORATED, a Pennsylvania corporation

_ Michelle Smith, Executive Assistan t___

By: __/s/ Peter Kuipers_____ _____ Peter Kuipers, _ CFO_____

FIFTH AMENDMENT EXHIBIT A

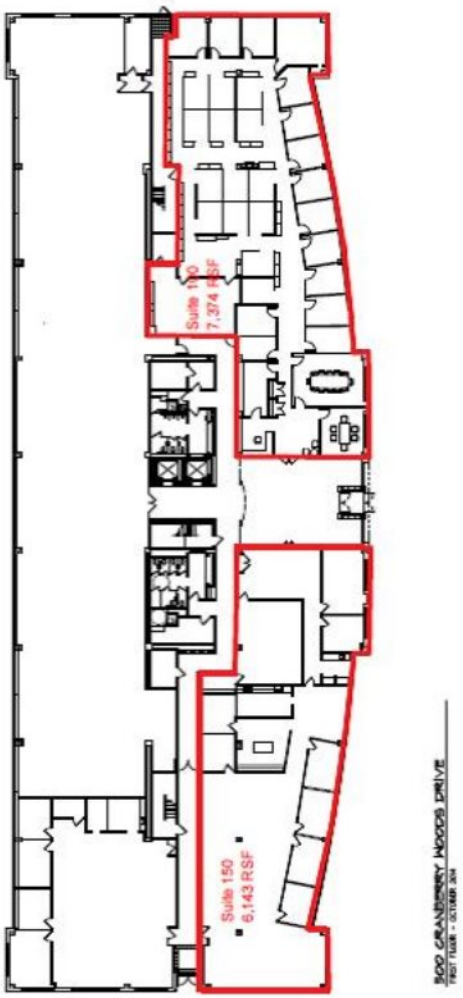

Exhibit 31.1

CERTIFICATION

I, Randall A. Lipps, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omnicell, Inc.;

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(s) 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 fiscal 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(s) 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.

May 5, 2017

/s/ Randall A. Lipps

Randall A. Lipps

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Peter J. Kuipers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omnicell, Inc.;

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(s) 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 fiscal 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(s) 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.

May 5, 2017

/s/ Peter J. Kuipers

Peter J. Kuipers

Executive Vice President & Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Randall A. Lipps, the President and Chief Executive Officer of Omnicell, Inc. (the "Company") and Peter J. Kuipers, the Executive Vice President & Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2017 , to which this Certification is attached as Exhibit 32.1 ("the Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 5 th day of May, 2017 .

/s/ Randall A. Lipps	/s/ Peter J. Kuipers
Randall A. Lipps	Peter J. Kuipers
President and Chief Executive Officer	Executive Vice President & Chief Financial Officer

"This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Omnicell, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing."