BROADVISION INC
Form 10-K
April 01, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 001-34205

BROADVISION, INC.

(Exact name of registrant as specified in its charter)

Delaware	94-3184303
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

460 Seaport Court, Suite 102	
Redwood City, California	94063
(Address of principal executive offices)	(Zip code)

(650) 331-1000

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Exchange on Which Registered
Common Stock, $0.0001 par value per share	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Smaller reporting company Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of June 30, 2018, based on the closing sales price of the registrant's common stock on The Nasdaq Capital Market, 3,309,720 shares of the registrant's common stock, having an aggregate market value of approximately $6,520,148 were held by non-affiliates. For purposes of the above statement only, all directors and executive officers of the registrant are assumed to be affiliates.

As of February 28, 2019, the registrant had 5,057,344 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Annual Report on Form 10-K is incorporated herein by reference to the Registrant's definitive proxy statement relating to the 2019 Annual Meeting of Stockholders to be filed, or will be filed as an amendment to this Annual Report, with the U.S. Securities and Exchange Commission not later than 120 days after the end of the fiscal year to which this report relates.

BROADVISION, INC.

ANNUAL REPORT ON FORM 10-K

YEAR ENDED DECEMBER 31, 2018

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References in this prospectus to "we", "us" and "our" refer to BroadVision, Inc. and its subsidiaries, including its consolidated variable interest entity, Vmoso, Inc. (“VMSO”). BroadVision, Clearvale, the Clearvale logo, and Interleaf are our or VMSO’s registered trademarks in the United States and/or other countries. Trademarks, service marks and trade names of other companies appearing in this report are the property of their respective holders.

CAUTIONARY STATEMENT PURSUANT TO THE PRIVATE SECURITIES

LITIGATION REFORM ACT OF 1995

Certain statements set forth or incorporated by reference in this Form 10-K constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "predict", "potential" or similar terms. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include those listed under "Risk Factors" and elsewhere in this document. These statements are only predictions based on our current expectations and projections about future events, and we cannot guarantee future results, levels of activity, performance or achievements.

We expressly disclaim any obligation to update or publicly release any revision to these forward-looking statements after the date of this Form 10-K.

Information regarding market and industry statistics contained in the "Business" section of this report is included based on information available to us that we believe is accurate. It is generally based on academic and other publications that are not produced for purposes of securities offerings or economic analysis.

PART I

ITEM 1. BUSINESS

Overview and Industry Background

Our Business

Since 1993, BroadVision has been a pioneer and consistent innovator of e-business solutions. We deliver a combination of technologies and services into the global market that enable customers of all sizes to power mission-critical e-business initiatives that ultimately deliver high value to their bottom line. Our offering consists of a robust framework for secure, mobile and cloud-based collaboration, information sharing, and knowledge management, which enables our customers to deploy enterprise-class employee and customer engagement, knowledge management, and e-commerce solutions.

Corporate Information

We were incorporated in Delaware in 1993 and have been a publicly traded corporation since 1996. From 2001 to date, our annual revenue has declined and as of December 31, 2018, we had an accumulated deficit of approximately $1.3 billion. The majority of our accumulated deficit to date has resulted from non-cash charges associated with our 2000 acquisition of Interleaf, Inc. and restructuring charges related to excess real estate lease obligations.

Our principal executive offices are located at 460 Seaport Court, Suite 102, Redwood City, CA 94063. Our telephone number is (650) 331-1000. Our website address is www.broadvision.com. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to these reports as soon as reasonably practicable after filing, by providing a hyperlink to the Securities and Exchange Commission's website (www.sec.gov) directly to our reports. The contents of our website are not incorporated by reference into this report.

Recent Developments

On January 2, 2019, we entered into a Series A Preferred Stock Purchase Agreement with Vmoso, Inc., a Delaware corporation ("VMSO"), for the purchase of 745,000 shares of VMSO's Series A Preferred Stock for a purchase price comprising the contribution of our intellectual property and other assets valued by our Board of Directors at $745,000. The contributed assets represent substantially all of the intellectual property and other assets relating to our Clearvale and Vmoso platforms, including our current Clearvale and Vmoso products and our My Vmoso Network ("MVN") development project. VMSO will continue the commercialization of the Clearvale and Vmoso products and the development of MVN.

Following the completion of VMSO's sale of Class 1 Common Stock described below, the shares of Series A Preferred Stock owned by our company represent approximately 19.9% of the total number of shares of VMSO's capital stock outstanding. The rights, preferences and privileges of VMSO's Series A Preferred Stock include a liquidation preference of $1.00 per share.

On January 2, 2019, Dr. Pehong Chen, our and VMSO's President and Chief Executive Officer and our largest stockholder, purchased 3,000,000 shares of VSMO's Class 1 Common Stock, representing approximately 80.1% of the total number of shares of VMSO's capital stock outstanding after such purchase, for a purchase price of $3,000,000 in cash pursuant to a Class 1 Common Stock Purchase Agreement between Dr. Chen and VMSO.

On January 2, 2019, we entered into a Services and Facilities Agreement (the "Intercompany Agreement"), with VMSO, the terms of which provide for the payment of certain fees to us by VMSO, in exchange for the contribution of our expertise, resources, services, as well as the limited use of our facilities in VMSO's business and operations. The Intercompany Agreement became effective as of January 1, 2019 and shall continue for a period of one year, unless earlier terminated, and shall be renewable upon written consent from both parties.

We and VMSO anticipate that, pursuant to the Intercompany Agreement, we will provide substantially all of the personnel, facilities and equipment required for VMSO's operations for the foreseeable future. The fees contemplated by the Intercompany Agreement are generally intended to permit us to recover the cost to us of providing these personnel, facilities, and equipment.

Since Dr. Chen is both our President, Chief Executive Officer, Interim Chief Financial Officer and our largest stockholder, as well as the President and Chief Executive Officer and majority shareholder of VMSO, we are deemed under common control with VMSO and will treat VMSO as a consolidated variable interest entity and will consolidate its financial results with ours. Similarly, we also discuss Clearvale, Vmoso and MVN as ours throughout this annual report even though they are now owned by VMSO. However, as a result of the consummation of the VMSO financing, our share of the potential upside, but also our exposure to the development and commercialization cost, of Clearvale, Vmoso and MVN has been significantly reduced.

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Industry Background

E-business has become an integral part of work life and organizations are looking for ways to reduce costs, improve productivity and increase revenues by moving their business onto mobile and cloud platforms. By providing a way to quickly assemble and engage employees and customers via mobile and cloud-based solutions, organizations can deliver better engagement experiences to get more done with fewer resources. A significant number of industry analysts have highlighted the ways in which organizations can reduce costs and improve customer satisfaction by implementing mobile and cloud solutions which can leverage key resources anytime and from anywhere. In addition to accelerating the response time to customers, e-business engagement applications also enable organizations to deliver higher quality services through more effective collaboration among providers of products and services.

Building on the solid foundation of BroadVision's personalization and transaction management capabilities, BroadVision has introduced the Clearvale family of Enterprise Social Networking (ESN) solutions to include engagement of partners, suppliers and customers through mobile and social technologies in order to meet our customers' needs. In January 2016, BroadVision launched Vmoso, a mobile collaboration tool meeting industry standards of security which helps enterprises safeguard and leverage corporate knowledge to increase productivity in internal and customer facing initiatives.

Software Products

Our primary product offerings are software solutions. We also offer a toolkit, framework and library for extending our solutions. Our offerings have the following characteristics and advantages:

- Track record -- Experience from over 1,000 implementations over 20 years.
- Agility, extensibility and configurability -- Integrated tools for rapidly creating e-business applications with modular out-of-the-box capabilities and custom development.
- Scalability -- Advanced load balancing and multi-layered caching for high concurrent users and transactions.
- Personalization -- Session and event-based observations for dynamic and targeted navigation.
- Secure transaction processing -- A wide range of commercial functions including order processing, discount, incentive, tax computation, shipping and handling charges, payment processing and order tracking.
- Multi-platform -- Support for major operating systems (Linux, Solaris, Windows, HP-UX, and AIX), application servers (WebLogic, WebSphere and JBoss) and databases (Oracle, Sybase, IBM, mySQL and SQL Server).
- Low total cost of ownership -- Support for open source platforms in addition to commercial platforms.
- Cloud -- Hosted SaaS (Software-as-a-Service) with our Clearvale and Vmoso products for allowing customers to access enterprise-quality software without traditional IT overhead.
- Mobile -- Native mode application support for Apple iOS, Android as well as support for leading browsers which extends access of our cloud applications and services to most connected devices.

Solutions

1. Business Agility Suite is a portal that provides personalized views of information and processes from diverse internal, external and legacy sources. It supports collaboration both inside and outside the enterprise. It manages web content throughout its lifecycle: creation, review, approval, version control, deployment, distribution and audit trail.
2. Commerce Agility Suite is our e-commerce system for transacting business on the web, from lead generation, navigation, category management, incentive, shopping cart, order execution, to customer care. It supports both Business-to-Business (B2B) and Business-to-Consumer (B2C) commerce. Additionally, it has the full capabilities of our Business Agility Suite.
3. Clearvale is VMSO's enterprise social network solution, aimed at revolutionizing enterprise knowledge flows. Beyond individual social networks, it organizes multiple social networks into ecosystems, and manages them coherently. It has three variations. Clearvale Express is free, for entry-level capabilities; Clearvale Enterprise is for full capabilities. VMSO operates these two variations as SaaS over the cloud. The third variation, Clearvale PaasPort is a platform for partners who want to resell VMSO's enterprise social network solution.
4. Clear, formerly named CHRM, is a collaborative human resources management system. It is a Portal-based human resources management system solution developed by our subsidiary BroadVision OnDemand, headquartered in Beijing, China, using our Kukini toolkit and Kona framework. It facilitates collaboration by members of a customer's organization in each phase of the HR management life cycle.
5. QuickSilver is a high-end publishing system for large and complex documents. Some typical uses are aircraft manuals, weapon system manuals and massive customizable insurance policies. It supports multiple output formats, such as HTML, PDF and Postscript. It also includes a complete XML authoring environment.
6. Vmoso is VMSO's cloud application for conducting virtual enterprise communication, mobile workgroup collaboration, and social business engagement. It unifies five workplace activities in one platform: email, instant messaging, content sharing, workflow, and social networking. It empowers users and their extended organizations to communicate and collaborate whenever, wherever and on whatever device they choose, allowing for greater productivity in less time and at lower cost.

Vmoso Developer Kit

The Vmoso Developer Kit allows developers to easily leverage Vmoso's open APIs to create rich interfaces, plugins and extensions to the Vmoso mobile communication and collaboration application.

Developer Toolkit: Kukini

Kukini is a visual workbench for designing, implementing and deploying e-business applications rapidly. It facilitates effective collaboration of people with different skills. Its resulting applications run with a customer's J2EE application environment of choice, and leverage our Kona framework and services library.

Framework: Kona

Kona is the common J2EE-based infrastructure underlying our Business Agility Suite, Commerce Agility Suite and Clear solutions. It provides a standard-based and portable environment across many operating systems, application servers and databases. It comes with rich APIs, schemas and utilities needed for building scalable and robust e-business applications. It allows modular services to be easily added and configured, for extension and integration with other systems. We often refer to Kukini and Kona together as K2.

Library of Services

These services are modular building blocks that extend the capabilities of our various frameworks. Some of the services are pre-packaged into our applications and platforms. These include:

a. Portal Services for organizing and presenting information with navigation hierarchy, content categorization, personalization, and plugable portlets for integration.
b. Commerce Services for transacting business on the web with catalog management, pricing, shopping cart, checkout and order management capabilities.

c. Process Services for transforming people-intensive processes and collaborations into web-based self-service applications rapidly.
d. Content Services for managing web content throughout its lifecycle: creation, review, approval, version control, deployment, distribution and audit trail.
e. Staging Services for moving content from multiple development environments to production environment.
f. Search for full-text and field searching of online content and referenced external files with relevance ranking. It also supports query searches using a broad spectrum of search operators.
g. Unified Stream Services for unification and integration of information from various sources presented in time and sort preferences.
h. Notification/Push Services: Event driven services utilized to deliver notifications via various messaging platforms.
i. Migration Services data moving across platforms.

Services

We provide a full spectrum of global consulting services to customers to realize the value from their investment in BroadVision's solutions. These consulting services include: business consulting; implementation services; integration and package services; upgrade and migration services; and performance tuning. In addition, we also enable our partners so that they can offer these services to their end customers.

Vmoso Enterprise Transformation (VET)

Vmoso Enterprise Transformation, or VET, is a proprietary implementation approach for the Vmoso collaborative solution. When you enroll in VET, our BroadVision Global Services representative will take you through a process of planning, establishing and refining your communication, collaboration and engagement practices. This is an iterative process to instill new habits and ways of working that supports the way you are currently working—it's a gradual transformation, not a dramatic shift. This can lead to an empowered and organized workforce, engaged and delighted customers, and a productive organization with an improved bottom line.

Education Services

BroadVision offers a comprehensive range of in-depth, focused training courses and self-study materials for both customers and partners to develop the knowledge they need to properly install, implement, and fully leverage the features of BroadVision's solutions. These services are backed up by train-the-trainer programs for in-house deployment and online testing to validate training effectiveness.

Support and Maintenance Services

We offer a tiered support and maintenance program to better serve the needs of our global customer base. Standard Support provides technical assistance during regular business hours; Enterprise Support is designed for customers with mission-critical environments, providing customers with access to support experts 24 hours a day, 7 days a week; and Personalized Support assigns a specific individual to a customer along with other customer specified support services, including on-site support engineers. We have technical support centers in North America, Europe and Asia. Under our standard maintenance agreement, we provide telephone support and upgrade rights to new releases, including patch releases (as necessary) and product enhancements (when and if available).

Customers

For the year ended December 31, 2018, no customer accounted for 10% or more of our total revenues. For the year ended December 31, 2017, Indian Railways Catering and Tourism Corporation Limited accounted for 13% of our total revenues and NTT Communications Corporation (NTTCC) accounted for 11% of our revenues. We do not believe that the loss of any single customer would have a material adverse effect on our business or results of operations.

Sales and Marketing

We market our products primarily through a direct sales organization with operations in North America, Europe and Asia/Pacific. On December 31, 2018, our direct sales organization included 6 sales representatives, managers and sales support personnel.

We have sales offices located throughout the world to support the sales and marketing of our products. In support of the Americas organizations, offices located in the United States are in California and Massachusetts. Offices for our Europe region are located in Italy. Our sales and marketing offices in the Asia Pacific/Japan/India region are located in Taiwan and Japan.

We derive a significant portion of our revenue from our operations outside North America. For the year ended December 31, 2018, approximately 49% of our revenues were derived from international sales. For the year ended December 31, 2017, approximately 53% of our revenue was derived from international sales. If we are unable to manage or grow our existing international operations, we may not generate sufficient revenue required to establish and maintain these operations, which could slow our overall growth and impair our operating margins.

Initial sales activities typically involve discussion and review of the potential business value associated with the implementation of a BroadVision solution, a demonstration of our applications' capabilities online or at the prospect's site, followed by one or more detailed technical reviews. The sales process usually involves collaboration with the prospective customer in order to specify the scope of the solution. Our Global Services Organization helps customers to customize, develop and deploy their e-business solutions.

As of December 31, 2018, we had 2 employees engaged in a variety of marketing activities, including product planning, marketing material development, public relations, identifying potential customers, establishing and maintaining close relationships with recognized industry analysts and maintaining our website.

Alliances

We recognize that today's organizations require an open, partner-based approach to e-business. Accordingly, we have assembled a global team of partners with the skills, services and value-added products necessary to develop, market, sell and deliver competitive e-business solutions.

Clearvale Reseller Partners

In late 2010 we introduced Clearvale PaasPort, a channel program that enables partners to resell, customize and add value to our Clearvale ESN solutions.

Consulting Partners

Our systems integration and consulting services partners deliver strategic business solutions to our global customers. These partners offer deployment experience, strong vertical market expertise, and process-based solutions. We structure our contractual arrangements with these consulting partners to motivate them to develop an expertise in our technology and sell our products and services to potential customers, thus enabling us to extend the reach of our products and services.

Technology/OEM Partners

Our technology partners include Value-Added Resellers (VAR) and Independent Software Vendors (ISV) who build and deploy BroadVision-based vertical and horizontal software solutions. Revenue generated from technology/OEM partners in recent years has not been significant.

Competition

If we fail to compete successfully with current or future competitors, we may lose market share. The market for e-business is intensely competitive. Our customers' requirements and the technology available to satisfy those requirements will continually change. We expect competition in this market to intensify. Our primary competition currently includes:

- in-house development efforts by prospective customers or partners;
- other vendors of application software or application development platforms and tools directed at interactive commerce and portal applications, such as JDA, IBM Corporation, Microsoft, Oracle and SAP;
- other vendors of enterprise social networking and collaboration platforms or solutions, such as Microsoft’s Yammer, Jive Software, Salesforce Chatter, Slack, and Facebook’s Facebook@Work; and
- web content developers that develop custom software or integrate other application software into custom solutions.

The principal competitive factors affecting the market for our products are:

- depth and breadth of functionality offered;
- availability of knowledgeable developers;
- time required for application deployment;
- reliance on industry standards;
- product reliability;
- proven track record;
- scalability;
- maintainability;
- product quality;
- price, including total cost of ownership; and
- technical support.

Compared to us, many of these competitors and other current and future competitors may have longer operating histories and significantly greater financial, technical, sales, marketing and other resources. As a result, they may be able to respond more quickly to new or changing opportunities, technologies and customer requirements. Many of these companies can use their greater name recognition and more extensive customer base to gain market share. Competitors may be able to undertake more extensive promotional activities, adopt more aggressive pricing policies and offer more attractive terms to purchasers. Current and potential competitors may bundle their products to discourage users from purchasing our products. In addition, competitors have established or may establish cooperative relationships among themselves or with third parties to enhance their products. Accordingly, it is possible that new competitors or alliances among competitors may emerge and rapidly acquire significant market share. Competitive pressures may make it difficult for us to acquire and retain customers.

Intellectual Property and Other Proprietary Rights

Our success and ability to compete are dependent to a significant degree on our proprietary technology. VMSO holds a U.S. patent, issued in 2017, on systems and methods for secure sharing of task data over one or more networks. This patent will expire in March of 2037. VMSO also holds a U.S. patent, issued in 2014, on the unique concepts and features in our online solution that allows subscribers to connect with other people and share tasks and content. The patent will expire in January 2034. In addition, we hold a patent issued in 2004 on mechanisms for translating between a word processing document and an XML file. This patent will expire in March 2020. Although we hold these patents, they may not provide an adequate level of intellectual property protection. In addition, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. We cannot guarantee that infringement or other claims will not be asserted or prosecuted against us in the future, whether resulting from our intellectual property or licenses from third parties. Claims or litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources, either of which could harm our business.

We also rely on a combination of copyright, trademark, service mark, trade secret laws and contractual restrictions to protect our proprietary rights in products and services. We have registered "BroadVision", "Clearvale", the Clearvale logo and "Interleaf" as trademarks in the United States and/or in other countries. It is possible that our competitors or other companies will adopt product names similar to these trademarks, impeding our ability to build brand identity and possibly confusing customers.

As a matter of our company policy, we enter into confidentiality and assignment agreements with our employees, consultants, partners and vendors. We also control access to and distribution of our software, documents and other proprietary information. Notwithstanding these precautions, it may be possible for an unauthorized third party to copy or otherwise obtain and use our software or other proprietary information or to develop similar software independently. Policing unauthorized use of our products will be difficult, particularly because the global nature of the Internet makes it difficult to control the ultimate destination or security of software and other transmitted data. The laws of other countries may afford us little or no effective protection of our intellectual property.

Research and Development

As of December 31, 2018, we had 23 employees dedicated to research and development. Our research and development expenses consist primarily of salaries, employee-related benefit costs and consulting fees incurred in association with the development of our products. Research and development expenses are expensed as incurred. Our future success depends, in part, upon our ability to develop new products and new versions of our products with new and expanded features. We believe that continued investment in our technology is important for our future growth, and as a result, we expect to incur material research and development expenses for the foreseeable future.

Research and development expenses were $5.0 million for the year ended December 31, 2018, and $6.6 million for the year ended December 31, 2017.

Employees

As of December 31, 2018, we employed a total of 44 full-time employees, of whom 19 are based in North America, 13 in Europe and 12 in Asia. Of these full-time employees, 6 are in sales and marketing, 23 are in product development, 8 are in global services and client support, and 7 are in operations, administration and finance.

We believe that our future success depends on attracting and retaining highly skilled personnel. We may be unable to attract and retain high-caliber employees. Our employees are not represented by any collective bargaining unit. We have never experienced a work stoppage and consider our employee relations to be good.

Executive Officers

Our executive officer and his age and positions as of year end are in the table below.

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Name	Age	Position
Pehong Chen	61	Chairman, President,Chief Executive Officer and Interim Financial Officer

Pehong Chen has served as our Chairman of the Board, Chief Executive Officer and President since our incorporation in May 1993, and as our Interim Chief Financial Officer since March 2018. From 1992 to 1993, Dr. Chen served as the Vice President of Multimedia Technology at Sybase, a supplier of client-server software products. Dr. Chen founded and, from 1989 to 1992, served as President of Gain Technology, a provider of multimedia applications development systems, which was acquired by Sybase. He received a B.S. in Computer Science from National Taiwan University, an M.S. in Computer Science from Indiana University and a Ph.D. in Computer Science from the University of California at Berkeley.

ITEM 1A. RISK FACTORS

The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks actually occur, our business could be harmed. In that event, the trading price of our common stock could decline.

Risks related to our business and industry

Our business currently depends on revenue related to BroadVision e-business solutions, and we expect that this revenue will continue to decline.

We generate a large portion of our revenue from legacy products, including Business Agility Suite, Commerce Agility Suite and QuickSilver. We expect that these products, and future upgraded versions, will continue to account for a large portion of our revenue in the foreseeable future. We expect that our future financial performance, until we establish a significant installed base of new product revenues, will depend on our ability to sustain our legacy business, which we expect to continue to decline as the result of a decrease in market demand for these products and related products and services. If we fail to deliver the product enhancements that customers want, or if competitors overtake our legacy customers, demand for our legacy products and services, and our revenue, may further decline.

Following our VMSO financing in 2019, our ability to benefit from our Clearvale and Vmoso platforms and our MVN initiatives have been significantly reduced.

In January 2019, we purchased 745,000 shares of VMSO's Series A preferred stock in exchange for our contribution to VMSO of assets representing all of the intellectual property and other assets relating to our Clearvale and Vmoso Platforms, including the Clearvale and Vmoso products and the MVN development project. Following the purchase, we own Series A preferred shares of VMSO representing approximately 19.9% of outstanding shares of VMSO. In January 2019, VMSO raised $3 million from Dr. Chen, our and VMSO's President and Chief Executive Officer and our largest stockholder, through the sale of Class 1 common shares of VMSO to Dr. Chen, representing approximately 80.1% of VMSO's outstanding shares after such purchase. We will provide substantially all of the personnel, facilities and equipment required for the activities of VMSO under the Intercompany Agreement and will be reimbursed for such support on a basis intended to cover our costs. VMSO now holds all of the intellectual property and other assets related to our Clearvale and Vmoso platforms, including the current Clearvale and Vmoso products and the MVN development project. While we consolidate VMSO with our financial results for purposes of U.S. GAAP as it is under common control with us, as a result of the consummation of the VMSO financing, our share of the potential upside, but also our exposure to the development and commercialization cost, of Clearvale, Vmoso and MVN has been significantly reduced.

We continue to introduce new products, services and technologies and our business will be harmed if we are not successful in selling these offerings to our existing customers and new customers.

We entered into the business of ESN with the initial release of Clearvale in 2009. We announced the integration of Clearvale's social and mobile capabilities into our legacy products, as BroadVision 9 in 2013. We have been actively enhancing Clearvale, by adding new functions and editions. We have spent significant resources in developing these offerings and training our employees to implement, support, operate, sell and market the offerings. In February 2015, we launched our newest communication and collaboration offering, Vmoso, and we announced a major incremental release of our Vmoso platform with a range of new functionality across several key modules in September 2016. To date, our Vmoso, Clearvale and BroadVision 9 offerings have only contributed to a minor portion of our revenue, and in January 2019, we transferred our Clearvale and Vmoso platforms to our consolidated subsidiary, VMSO, which will continue the commercialization of these products. We do not yet know whether any of these new offerings will grow into a significant business line, and if so, whether sales of these new offerings will be sufficient for us to offset the costs of development, implementation, support, operation, sales and marketing. Although we have performed extensive testing of our products and technologies, their broad-based implementation may require more support than we anticipate, which would further increase our expenses. If sales of our new products, services and technologies are lower than we expect, or if we must lower our prices or delay implementation to fix unforeseen problems and develop modifications, our operating margins are likely to decrease and we may not be able to operate profitably.

We face liquidity challenges and will need additional financing in the future.

We currently expect to be able to fund our working capital requirements from our existing cash and cash equivalents and short-term investments through the next twelve months. However, we could experience unforeseen circumstances, such as an economic downturn, difficulties in retaining customers and/or employees, or other factors that could increase our use of available cash and require us to seek additional financing. We may find it necessary to obtain additional equity or debt financing due to the factors listed above or in order to support a more rapid expansion, develop new or enhanced products or services, respond to competitive pressures, acquire complementary businesses or technologies or respond to unanticipated requirements.

We have implemented cost reduction plans since the second half of 2017 to reduce our cash needs and reduced the cost of our operations by approximately $5 million in 2018. In January 2019, we completed the VMSO financing, pursuant to which VMSO raised $3 million in cash from our and VMSO’s President and Chief Executive Officer and our largest stockholder, Dr. Chen, and VMSO now holds all of the intellectual property and other assets related to our Clearvale and Vmoso platforms, reducing our exposure to future development and commercialization cost of Clearvale, Vmoso and MVN. However, further cost reductions may result in voluntary departures of highly skilled technical and managerial personnel from our company, which would have a material adverse effect on our business, internal controls, financial condition and results of operations. We may seek to raise additional funds through private or public sales of securities, strategic relationships, bank debt, financing under leasing arrangements or otherwise. If additional funds are raised through the issuance of equity securities, the percentage ownership of our current stockholders will be reduced, stockholders may experience additional dilution or any equity securities we sell may have rights, preferences or privileges senior to those of the holders of our common stock. We expect that obtaining additional financing on acceptable terms would be difficult. If adequate funds are not available or are not available on acceptable terms, we may be unable to pay our liabilities as they become due, develop our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements, which could have a material adverse effect on our business, financial condition and future operating results. The outcome of these matters cannot be predicted at this time. Our ability to continue as a going concern is dependent upon our ability to successfully accomplish these plans and secure sources of financing and/or reduce costs and ultimately attain profitable operations.

We have introduced Cloud-based offerings. Our business will be harmed and our growth potential will be limited, if we are unable to provide reliable, scalable, and cost-efficient Cloud hosting operation.

Historically, BroadVision has offered perpetual software licenses, with customers responsible for the IT equipment needed for running BroadVision software. The Vmoso, Clearvale and Clear products, on the other hand, include Cloud-based offerings, where BroadVision provides hosted IT equipment and operation for subscribing customers. The Cloud model is also known as Software-as-a-Service, or SaaS. Our SaaS operations rely upon a distributed computing infrastructure platform for business operations. We have designed our software and computer systems so as to utilize data processing, storage capabilities and other services provided by cloud computing service providers. Currently, our worldwide cloud service providers include leading cloud infrastructure providers such as Amazon. Any disruption of or interference with our use of cloud computing services would impact our operations and our business would be adversely impacted. BroadVision has limited prior experience in operating Cloud hosting. We may be unable to timely provide adequate computing capacity to keep up with business growth and performance requirements. Our hosted operation may fail due to hardware problems, software problems, power problems, network problems, scalability problems, human errors, hacker attacks, disasters, third-party data center problems and other reasons. The failures may cause us to compromise security, lose customer data or identity, endure prolonged downtime, etc., all of which will harm our business and limit our growth. BroadVision has limited prior experience in estimating the costs of Cloud hosting. If we underestimate the costs or under-charge customers, we may not have adequate margins to sustain our Cloud hosting operation. Vmoso and Clearvale allow customers to use basic functions for free, a business practice gaining popularity in our industry. If we do not have enough customers upgrading to for-fee premium packages, we may be unable to sustain our Cloud hosting operation economically.

Current and potential competitors could make it difficult for us to acquire and retain customers now and in the future.

The market for our products is intensely competitive. We expect competition in this market to persist and increase in the future. If we fail to compete successfully with current or future competitors, we may be unable to attract and retain customers. Increased competition could also result in price reductions for our products and lower profit margins and reduced market share, any of which could harm our business, results of operations and financial condition.

Many of our competitors have significantly greater financial, technical, marketing and other resources, greater name recognition, a broader range of products and a larger installed customer base, any of which could provide them with a significant competitive advantage. In addition, new competitors, or alliances among existing and future competitors, may emerge and rapidly gain significant market share. Some of our competitors, particularly established software vendors, may also be able to provide customers with products and services comparable to ours at lower or at aggressively reduced prices in an effort to increase market share or as part of a broader software package they are selling to a customer. We may be unable to match competitor's prices or price reductions, and we may fail to win customers that choose to purchase an information technology solution as part of a broader software and services package. As a result, we may be unable to compete successfully with current or new competitors.

If we are unable to keep pace with the rapid technological changes in online commerce, portal, social networking and enterprise software, our products and services may fail to be competitive.

Our products and services may fail to be competitive if we do not maintain or exceed the pace of technological developments in mobile, cloud-computing, social and enterprise solutions. Failure to be competitive could cause our revenue to decline. The information services, software and communications industries are characterized by rapid technological change, changes in customer requirements, frequent new product and service introductions and enhancements and evolving industry standards and practices. The introduction of products and services embodying new technologies and the emergence of new industry standards and practices can render existing products and services obsolete. Our future success will depend, in part, on our ability to:

- develop leading technologies;
- enhance our existing products and services;
- develop new products and services that address the increasingly sophisticated and varied needs of our prospective customers; and
- respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

We have a history of losses and our future profitability on a quarterly or annual basis is uncertain, which could have a harmful effect on our business and the value of BroadVision common stock.

Our quarterly operating results have fluctuated in the past and may fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control.   As of December 31, 2018, we had an accumulated deficit of approximately $1.3 billion.

For the foreseeable future we expect our results of operations to fluctuate, and during this period we may incur losses and/or negative cash flows. If our revenue does not increase or if we fail to maintain our expenses at an amount less than our projected revenue, we will not be able to achieve or sustain operating profitability on a consistent basis.

Our failure to operate profitably or control negative cash flows on a quarterly or annual basis could harm our business and the value of BroadVision common stock. If the negative cash flow continues, our liquidity and ability to operate our business would be severely and adversely impacted. Additionally, our ability to raise financial capital may be hindered due to our operational losses and negative cash flows, reducing our operating flexibility.

Our quarterly operating results are volatile and difficult to predict, and our stock price may decline if we fail to meet the expectations of securities analysts or investors.

Historically our quarterly operating results have varied significantly from quarter to quarter and are likely to continue to vary significantly in the future. If our revenues, operating results, earnings or projections are below the levels expected by securities analysts or investors, our stock price is likely to decline.

We are likely to continue to experience significant fluctuations in our future results of operations due to a variety of factors, some of which are outside of our control, including:

- introduction of products and services and enhancements by us and our competitors;
- competitive factors that affect our pricing;
- market acceptance of new products;
- the mix of products sold by us;
- the timing of receipt, fulfillment and recognition as revenue of significant orders;
- changes in our pricing policies or our competitors;
- changes in our sales incentive plans;
- the budgeting cycles of our customers;
- customer order deferrals in anticipation of new products or enhancements by our competitors or us or because of macro-economic conditions;
- nonrenewal of our maintenance agreements, which generally automatically renew for one-year terms unless earlier terminated by either party upon 90 days notice;
- product life cycles;
- changes in strategy;
- seasonal trends;
- the mix of distribution channels through which our products are sold;
- the mix of international and domestic sales;
- the rate at which new sales people become productive;
- changes in the level of operating expenses to support projected growth;
- increase in the amount of third party products and services that we use in our products or resell with royalties attached; and
- costs associated with litigation, regulatory compliance and other corporate events such as operational reorganizations.

As a result of these factors, we believe that quarter-to-quarter comparisons of our revenue and operating results are not necessarily meaningful, and that these comparisons are not accurate indicators of future performance. Because our staffing and operating expenses are based on anticipated revenue levels, and because a high percentage of our costs are fixed, small variations in the timing of the recognition of specific revenue could cause significant variations in operating results from quarter to quarter. If we were unable to adjust spending in a timely manner to compensate for any revenue shortfall, any significant revenue shortfall would likely have an immediate negative effect on our operating results. If our operating results in one or more future quarters fail to meet the expectations of securities analysts or investors, we would expect to experience an immediate and significant decline in the trading price of our stock.

Our sales and product implementation cycles are lengthy and subject to delay, which make it difficult to predict our quarterly results.

Our sales and product implementation cycles generally span months. Delays in customer orders or product implementations, which are difficult to predict, can affect the timing of revenue recognition and can adversely affect our quarterly operating results. Licensing our products is often an enterprise-wide decision by prospective customers. The importance of this decision requires that we engage in a lengthy sales cycle with prospective customers. A successful sales cycle may last up to nine months or longer. Our sales cycle is also affected by a number of other factors, some of which we have little or no control over, including the volatility of the overall software market, the business condition and purchasing cycle of each prospective customer, and the performance of our technology partners, systems integrators and resellers. The implementation of our products can also be time and resource intensive, and subject to unexpected delays. Delays in either product sales or implementations could cause our operating results to vary significantly from quarter to quarter.

Because a significant portion of our sales activity occurs at the end of each fiscal quarter, delays in a relatively small number of license transactions could adversely affect our quarterly operating results.

A significant proportion of our sales are concentrated in the last month of each fiscal quarter. Gross margins are high for our license transactions. Customers and prospective customers may use these conditions in an attempt to obtain more favorable terms. While we endeavor to avoid making concessions that could result in lower margins, the negotiations often result in delays in closing license transactions. Small delays in a relatively small number of license transactions could have a significant impact on our reported operating results for that quarter.

If we are unable to maintain our disclosure controls and procedures, including our internal control over financial reporting, our ability to report our financial results on a timely and accurate basis may be adversely affected.

We have evaluated our "disclosure controls and procedures" as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended. Effective controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed. Our internal control over financial reporting has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. For example, we delayed the filing of our Annual Report on Form 10-K for the year ended December 31, 2015, in connection with our discovery that a former employee of one of our wholly-owned German subsidiaries, Interleaf Germany, had fraudulently misappropriated funds from us and falsified records to conceal the theft.

We cannot assure you that our controls and procedures will prevent all errors or fraud, or that any related losses would be recoverable. We also cannot assure you that similar circumstances will not arise in the future that will cause us to delay the filing of our periodic consolidated financial reports and, if we are unable to produce accurate or timely consolidated financial statements, we may be subject to adverse regulatory consequences, including sanctions or investigations by the Securities and Exchange Commission, our stock price may be adversely affected, our reputation may suffer and we may be unable to maintain compliance with the Nasdaq Capital Market continued listing requirements. Further, our independent registered public accounting firm did not perform an evaluation of our internal control over financial reporting during the impacted periods in accordance with the provisions of the Sarbanes-Oxley Act. In light of the fraudulent activities that were identified as a result of the limited procedures performed, it is possible that, had our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional instances of fraud, or significant deficiencies or material weaknesses, may have been identified.

In addition, maintaining sufficient expertise and historical institutional knowledge in our accounting and finance organization is dependent upon retaining existing employees and filling any open positions with experienced personnel in a timely fashion. In particular, in March 2018, Peter Chu resigned as our Chief Financial Officer and we do not yet have a replacement for him. The market for skilled accounting and finance personnel is competitive and we may have continued difficulty in retaining our staff because the region in which we compete consists of many established companies that can offer more lucrative compensation packages. Our inability to staff the department with competent personnel with sufficient training will affect our internal controls over financial reporting to the extent that we may not be able to prevent or detect material misstatements.

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the U.S.

We prepare our financial statements in conformity with accounting principles generally accepted in the U.S. These accounting principles are subject to interpretation by the FASB and the SEC. A change in these policies or interpretations could have a significant effect on our reported financial results, may retroactively affect previously reported results, could cause unexpected financial reporting fluctuations, and may require us to make costly changes to our operational processes and accounting systems. For example, on January 1, 2018, we adopted a new revenue recognition standard, Topic 606, which was issued by FASB in May 2014. We adopted Topic 606 applying the modified retrospective method to all contracts that were not completed as of such date, which resulted in a net decrease of $0.6 million to our opening accumulated deficit as of January 1, 2018. In addition, effective January 1, 2018, we began to recognize a portion of the arrangement fees allocated to our QuickSilver software licenses as revenue upon delivery resulting in revenues for these QuickSilver arrangements generally being recorded in an earlier period than prior to the adoption of Topic 606. Since results for our reporting periods beginning on or after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under Topic 605, this may cause financial reporting fluctuations that are not reflective of changes in our actual operating results.

We are dependent on direct sales personnel and third-party distribution channels to achieve revenue growth.

To date, we have sold our products primarily through our direct sales force. Our ability to achieve significant revenue growth in the future largely will depend on our success in recruiting, training and retaining sufficient direct sales personnel and establishing and maintaining relationships with distributors, resellers and systems integrators. Our products and services require a sophisticated sales effort targeted at the senior management of our prospective customers. New hires as well as employees of our distributors, resellers and systems integrators require training and may take a significant amount of time before achieving full productivity. Our recent hires may not become as productive as necessary, and we may be unable to hire and retain sufficient numbers of qualified individuals in the future. We have entered into strategic alliance agreements with partners, under which partners have agreed to resell and support our current BroadVision product suite. These contracts are generally terminable by either party upon 30 days' notice of an uncured material breach or for convenience upon 90 days' notice prior to the end of any annual term. Termination of any of these alliances could harm our expected revenues. We may be unable to expand our other distribution channels, and any expansion may not result in revenue increases. If we fail to maintain and expand our direct sales force or other distribution channels, our revenues may not grow or they may decline. Revenue generated from third-party distributors in recent years has not been significant.

We may be unable to manage or grow our international operations and assets, which could impair our overall growth or financial position.

We derive a significant portion of our revenue from our operations outside North America. In the year ended December 31, 2018, approximately 49% of our revenue was derived from international sales. If we are unable to manage or grow our existing international operations, we may not generate sufficient revenue required to establish and maintain these operations, which could slow our overall growth and impair our operating margins.

As we rely materially on our operations outside of North America, we are subject to significant risks of doing business internationally, including:

- difficulties in staffing and managing foreign operations and safeguarding foreign assets;
- unexpected changes in regulatory requirements;
- export controls relating to encryption technology and other export restrictions;
- tariffs and other trade barriers;
- political and economic instability;
- fluctuations in currency exchange rates;
- reduced protection for intellectual property rights in some countries;
- cultural barriers;
- seasonal reductions in business activity during the summer months in Europe and certain other parts of the world; and
- potentially adverse tax consequences.

Our international sales growth could be limited if we are unable to establish additional foreign operations, expand international sales channel management and support, hire additional personnel, customize products for local markets and develop relationships with international service providers, distributors and system integrators. Even if we are able to successfully expand our international operations, we may not succeed in maintaining or expanding international market demand for our products.

Our success and competitive position will depend on our ability to protect our proprietary technology.

Our success and ability to compete are dependent to a significant degree on our proprietary technology. VMSO holds a U.S. patent, issued in March 2017, related to the secure sharing of task data over one or more networks, and another U.S. patent, issued January 2014, on the elements of creating and sharing tasks over one or more networks. We also hold a U.S. patent, issued in January 2004, on elements of the BroadVision platform, which covers mechanisms for translating between a word processing document and an XML file. Although we and VMSO hold these patents, they may not provide an adequate level of intellectual property protection. In addition, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. Third parties have claimed and may claim in the future that we have infringed their patent, trademark, copyright or other proprietary rights. Claims may be made for indemnification resulting from allegations of infringement. Intellectual property infringement claims may be asserted against us or VMSO as a result of the use by third parties of our or VMSO’s products. Claims or litigation, with or without merit, could result in substantial costs and diversions of resources, either of which could harm our business.

We also rely on copyright, trademark, service mark, trade secret laws and contractual restrictions to protect our proprietary rights in products and services. We have registered "BroadVision", "Clearvale", "Interleaf" and the Clearvale logo as trademarks in the United States and/or in other countries. It is possible that our competitors or other companies will adopt product names similar to these trademarks, impeding our ability to build brand identity and possibly confusing customers.

As a matter of company policy, we enter into confidentiality and assignment agreements with our employees, consultants, partners and vendors. We also control access to and distribution of our software, documents and other proprietary information. Notwithstanding these precautions, it may be possible for an unauthorized third party to copy or otherwise obtain and use our software or other proprietary information or to develop similar software independently. Policing unauthorized use of our products will be difficult, particularly because the global nature of the Internet makes it difficult to control the ultimate destination or security of software and other transmitted data. The laws of other countries may afford us little or no effective protection of our intellectual property.

A breach of the encryption technology that we use could expose us to liability and harm our reputation, causing a loss of customers.

Cyber-attacks and other malicious Internet-based activity continue to increase generally in our industry. If any breach of the security technology embedded in our products or hosted Cloud operations were to occur, we would be exposed to liability and our reputation could be harmed, which could cause us to lose customers. A significant barrier to online commerce, portal, social networking and enterprise software is the secure exchange of valuable and confidential information over public networks. We rely on encryption and authentication technology, such as Open SSL, public key cryptography, encryption algorithms RC2 and MD5, digital certificates and HTTPS, to provide the security and authentication necessary to affect the secure exchange of confidential information. Advances in computer capabilities, new discoveries in the field of cryptography, new hacking methods, security holes in 3rd-party components (such as operating system bugs) or other events or developments could cause a breach of the above measures that we use to protect customer data and identity.

The loss or malfunction of technology from third parties could delay the introduction of our products and services.

We rely in part on technology that we license from third parties or we obtain from open sources, including cloud-based solutions from Amazon Web Services; relational database management systems from Oracle; Microsoft and MySQL; J2EE from Oracle and JBoss; and others. The loss or malfunction of any third-party technology could harm our business. We integrate or sublicense third-party technology with internally developed software to perform key functions. For example, our products and services incorporate data encryption and authentication technology from Open SSL. Third-party technology might not continue to be available to us on commercially reasonable terms, or at all. Moreover, third-party technology may contain defects that we cannot control. Problems with third-party technology could cause delays in introducing our products or services until equivalent technology, if available, is identified, licensed or obtained, and integrated. Delays in introducing our products and services could adversely affect our results of operations.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

We use open source software in our products and may continue to use open source software in the future. We may face claims from others claiming ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or our proprietary source code that was developed using such software. These claims could also result in litigation, require us to purchase a costly license, or require us to devote additional research and development resources to change our platform, any of which would have a negative effect on our business and operating results. In addition, if the license terms for the open source software we utilize change, we may be forced to reengineer or discontinue our products or incur additional costs. We cannot be certain that we have not incorporated open source software in our products in a manner that is inconsistent with our policies.

Our officers, and highly skilled technical and managerial personnel are critical to our business, and they may not remain with us.

Our performance substantially depends on the performance of our management team. We also rely on our ability to retain and motivate qualified personnel, especially our management and highly skilled development teams. The loss of the services of any of our officers or highly skilled technical and managerial personnel, particularly our founder, Chief Executive Officer, President and Interim Chief Financial Officer, Dr. Pehong Chen, could cause us to incur increased operating expenses and divert senior management resources in searching for replacements. Effective as of March 7, 2018, Peter Chu resigned as our Chief Financial Officer and Vice President of Strategy and Product Management. In connection with Mr. Chu’s resignation, Dr. Chen was appointed as our Interim Chief Financial Officer. As a result of this change, Dr. Chen has taken on substantially more responsibility for the management of our business and of our financial reporting, which has resulted in greater workload demands and could divert his attention away from certain key areas of our business. Changes in our organization as a result of Mr. Chu’s departure may have a disruptive impact on our ability to implement our strategy and could have a material adverse effect on our business, internal controls, financial condition and results of operations. Management transition inherently causes some loss of institutional knowledge, which can negatively affect strategy and execution. Until we find and integrate a replacement for Mr. Chu, and unless his replacement is able to succeed in the position, we may be unable to successfully manage and grow our business, and our results of operations, internal controls and financial condition could suffer as a result. The loss of the services of our officers or other personnel also could harm our reputation if our customers were to become concerned about our future operations. We do not carry "key person" life insurance policies on any of our employees. Our future success also depends on our continuing ability to identify, hire, train and retain other highly qualified technical and managerial personnel. Competition for these personnel is intense, especially in the Internet industry. We have in the past experienced, and may continue to experience, difficulty in hiring and retaining sufficient numbers of highly skilled employees. The significant downturn in our business over the past several years has had and may continue to have a negative impact on our operations. We have reduced our workforce significantly from 104 full-time employees as of December 31, 2017 to 44 full-time employees as of December 31, 2018, and implemented other cost containment activities. These actions could lead to disruptions in our business, reduced employee morale and productivity, increased attrition, and problems with retaining existing and recruiting future employees.

Limitations on the online collection of profile information could impair the effectiveness of our products.

Online (web or mobile) users' resistance to providing personal data, and laws and regulations prohibiting use of personal data gathered online without express consent or requiring businesses to notify their web site visitors of the possible dissemination of their personal data, could limit the effectiveness of our products. This in turn could adversely affect our sales and results of operations.

One of the principal features of our products is the ability to develop and maintain profiles of online users to assist business managers in determining the nature of the content to be provided to these online users. Typically, profile information is captured when consumers, business customers and employees visit a web site or use applications and volunteer information in response to survey questions or to application forms concerning their backgrounds, interests and preferences. Profiles can be augmented over time through the subsequent collection of usage data. Although our products are designed to enable the development of applications that permit online users to prevent the distribution of any of their personal data beyond that specific web site or application services, privacy concerns may nevertheless cause visitors to resist providing the personal data necessary to support this profiling capability. The mere perception by prospective customers that substantial security and privacy concerns exist among online users, whether or not valid, may indirectly inhibit market acceptance of our products.

In addition, new laws and regulations could heighten privacy concerns by requiring businesses to notify online users that the data captured from them while online may be used by marketing entities to direct product messages to them. We are subject to increasing regulation at the federal and state levels relating to online privacy and the use of personal user information. Several states have proposed legislation that would limit the uses of personal user information gathered online. In addition, the U.S. Federal Trade Commission (the “FTC”), has urged Congress to adopt legislation regarding the collection and use of personal identifying information obtained from individuals when accessing web sites. The FTC has settled several proceedings resulting in consent decrees in which Internet companies have been required to establish programs regarding the manner in which personal information is collected from users and provided to third parties. While we adhere to the privacy policies published with our solutions, we could become a party to a similar enforcement proceeding. These regulatory and enforcement efforts could also harm our customers' ability to collect demographic and personal information from users, which could impair the effectiveness of our products.

In addition, the collection and use of personal data in the European Union, previously governed by the provisions of the Data Protection Directive, were replaced with the General Data Protection Regulation, or GDPR, in May 2018. GDPR imposes several requirements relating to the collection, use, processing and transfer of personal data, such as requirements for using consent or other legal grounds to process personal data, providing information to individuals about how their personal data is used, maintaining adequate security and data protection measures, giving data breach notifications, complying with individuals’ requests to access, correct or delete their personal data and using third party processors of personal data. GDPR also maintains the European Union’s strict rules limiting the transfer of personal data out of the European Economic Area. Failure to comply with the requirements of GDPR and the applicable national data protection laws of the European Union Member States may result in fines and other administrative penalties. GDPR introduced substantial potential fines for violations and increase our responsibility and liability in relation to personal data that we process. To comply with the GDPR we are required to put in place additional technical and administrative measures and controls mechanisms. This may be onerous and failure to comply with GDPR may adversely affect our business, financial condition, results of operations and prospects.

We may not have adequate back-up systems, and natural or manmade disasters could damage our operations, reduce our revenue and lead to a loss of customers.

We may not have adequate back-up and redundant systems for both customer-used service and internal information technology. A natural or manmade disaster could severely harm our business because our service and operation could be interrupted for an indeterminate length of time. Our operations depend upon our ability to maintain and protect our computer systems at our facility in Redwood City, California, which resides on or near known earthquake fault zones. These systems are vulnerable to damage from fire, floods, earthquakes, power loss, cyber-attacks, acts of terrorism, telecommunications failures and similar events. We also have significantly reduced our workforce since 2000, which has placed different requirements on our systems and has caused us to lose personnel knowledgeable about our systems, both of which could make it more difficult to quickly resolve system disruptions. Disruptions in our internal business operations could harm our business by resulting in delays, disruption of our customers' business, loss of data, and loss of customer confidence.

We are subject to foreign currency exchange risk.

A total of 49% and 53% of our fiscal year 2018 and 2017 revenues, respectively, were derived from international operations for which we transact business in foreign currencies. International revenues and expenses denominated in foreign currencies translate into higher or lower revenues and expenses in U.S. Dollars as the U.S. Dollar weakens or strengthens against such other currencies. Substantially all of the revenues of our international operations are received, and substantially all expenses are incurred, in currencies other than the U.S. Dollar, which increases or decreases the related U.S. Dollar-reported revenues and expenses depending on the fluctuations in foreign currency exchange rates. These fluctuations could cause our revenues outside the United States and other results of operations to differ from our expectations or the expectations of our investors. Additionally, such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations. In addition, a total of 49% of our cash and cash equivalents as well as investments were denominated in foreign currencies as of December 31, 2018. Accordingly, changes in the value of foreign currencies relative to the U.S. Dollar can affect our operating results due to transactional and translational re-measurements that are reflected in our results of operations. To the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

We do not engage in any hedging activities in order to manage any potential adverse financial impact resulting from unfavorable changes in foreign currency exchange rates. We cannot predict with any certainty changes in foreign currency exchange rates or the degree to which we can address these risks.

Our business could be negatively affected as a result of actions of activist stockholders.

The actions of activist stockholders could adversely affect our business. Specifically, responding to common actions of an activist stockholder, including without limitation public proposals, requests to pursue a strategic combination or other transaction or other special requests, could disrupt our operations, be costly and time-consuming or divert the attention of our management and employees. In addition, perceived uncertainties as to our future direction in relation to the actions of an activist stockholder may result in the loss of potential business opportunities or the perception that we are unstable as a company, which may be exploited by our competitors and make it more difficult to attract and retain personnel as well as consumers and service providers. Actions of an activist stockholder may also cause fluctuations in our stock price based on speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

Weakened global economic conditions or tariffs and other trade restrictions may harm our industry, business, and results of operations.

We derive revenue from clients in many countries, and our overall performance depends in part on worldwide economic conditions. Global financial developments and downturns seemingly unrelated to us, our products or our industry may harm us. The United States and other key international economies have been impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies, and overall uncertainty with respect to the economy. The revenue growth and potential profitability of our business depends on demand for our products generally. Historically, during economic downturns there have been reductions in spending on technology systems as well as pressure for extended billing terms and other financial concessions, which would negatively affect our operating results. These conditions affect the rate of technology spending and could adversely affect our customers' ability or willingness to purchase our products, delay prospective customers' purchasing decisions, reduce the value or duration of their subscriptions, or affect renewal rates, all of which could harm our operating results.

Additionally, the current U.S. presidential administration has called for substantial changes to foreign trade policy and has raised the possibility of imposing significant increases in tariffs on international trade. We also rely on various U.S. corporate tax provisions related to international commerce. If we are subject to new regulations, or if restrictions and tariffs increase our operating costs in the future, and we are not able to recapture those costs from our customers, or if such initiatives regulations, restrictions and tariffs make it more difficult for us to compete in overseas markets, our business, financial condition and results of operations could be adversely impacted.

Risks related to VMSO’s MVN initiatives

VMSO has no history operating and managing a platform utilizing blockchain-based technology, which makes it difficult to evaluate its ability to generate revenue through operation of such a platform, and at the date of this filing, VMSO has not generated revenue from any blockchain-based products.

VMSO has no history or experience developing or operating a platform utilizing blockchain-based technology, such as MVN, which makes it difficult to evaluate its prospects for success with the MVN initiative. VMSO is likely to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges in forecasting accuracy, determining appropriate uses of our limited resources, gaining market acceptance, managing a complex regulatory landscape and developing new products. VMSO is still developing MVN and MVT, has not generated revenue from any blockchain-based products and may never generate revenue from MVN, MVT or any blockchain-based product or platform.

VMSO’s management has relatively little experience in the blockchain technology industry.

VMSO’s management only recently determined to dedicate significant corporate resources and management efforts towards the exploration of, and investment in, utilizing blockchain technology to develop MVN and MVT. VMSO’s management has limited experience in the blockchain technology industry. As a result, VMSO’s management may be unable to successfully develop, launch, implement and maintain MVN and MVT.

Even if VMSO successfully develops MVN, it may not be able to successfully market and launch MVN, or MVN and MVT may not be widely adopted.

MVN, if successfully developed, may not meet customer or user expectations. Furthermore, despite VMSO’s efforts to develop and complete the launch of, and subsequently to maintain, MVN and MVT, it is possible that they will experience malfunctions or otherwise fail to be adequately secured and maintained. VMSO may not have or may not be able to obtain the technical skills, expertise, or regulatory approvals needed to successfully develop MVN and MVT and progress them to a successful launch. In addition, there are significant legal and regulatory considerations that will need to be addressed in order to develop and maintain MVN, and addressing such considerations will require significant time and resources. There can be no assurance that VMSO will be able to develop MVN in such a way that achieves all of the features we anticipate that it will provide, or that the features provided will be sufficient to attract a significant number of users such that MVN and MVT will be widely adopted. If VMSO is not successful in its efforts to demonstrate to customers and users the utility and value of MVN, there may not be sufficient demand for MVN and MVT, and its business would be materially adversely affected.

MVN and MVT, if successfully developed and launched, may not function properly.

MVN and MVT may not function properly or the technology may not operate as anticipated, which would have a material adverse effect on our plans, operations and financial condition. The technology may malfunction because of internal problems or as a result of cyber-attacks or external security breaches. Any problems in the functionality of the technology underlying MVN and MVT would have a direct materially adverse effect on our plans and expectations for revenues.

MVN and blockchains on which MVN and its associated cryptocurrency may rely may be the target of malicious cyber-attacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of cryptocurrency tokens or other digital assets. If such attacks occur or security is compromised, this could expose us to liability and reputational harm and could seriously curtail the adoption and utilization of MVN and could result in claims against us. This is a significant risk in light of the importance of consumer trust to MVN's success.

If we successfully develop and launch MVN and MVT, our software, the software applications and other interfaces or applications upon which they rely, and any software that may be built upon MVN, will be unproven, and there can be no assurances that MVN and the creation, transfer or storage of its associated cryptocurrency will be uninterrupted or fully secure, which may result in impermissible or unauthorized transfers, a complete loss of users' cryptocurrency tokens or an unwillingness of customers and users to access, adopt and utilize MVN. MVT will be an ERC20-compliant token based on the Ethereum protocol. As such, any malfunction, unintended function, unexpected functioning of or attack on the Ethereum protocol may cause MVT to malfunction or function in an unexpected or unintended manner. Such attacks may come in anticipated forms or unanticipated forms.

We and our subsidiaries including VMSO are, and MVN, if developed and launched, may be, subject to cyber-attacks, security risks and risks of security breaches. This is an especially significant risk for MVN, since its success is completely dependent on large numbers of consumers placing enough trust in the MVN's security to store their sensitive personal data on the network. An attack or a breach of security could result in a loss of private data, lost or stolen cryptocurrency tokens and an interruption of functionality or inability to access MVN for an extended period of time. Any such attack or breach could adversely affect our ability to effectively operate MVN, attract new users to MVN and retain existing users of MVN, which could have a material adverse effect on our operations and financial condition. Such an attack may also damage our reputation and any breach of data security that exposes or compromises the security of any of the private digital keys used to authorize or validate transactions within MVN, or that enables any unauthorized person to generate any of the private digital keys, could result in lost or stolen cryptocurrency tokens. The occurrence of any of the foregoing could result in claims against us and could have a material adverse effect on us and the holders of our common stock.

The prices of digital assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business.

The prices of cryptocurrencies, such as Bitcoin and Ether, and other digital assets have historically been subject to dramatic fluctuations and are highly volatile. A decrease in the price of a single digital asset may cause volatility in the entire digital asset and security token industry. For example, a security breach that affects purchaser or user confidence in Bitcoin or Ether may affect the industry as a whole. This volatility may adversely affect interest in and demand for MVN, which would materially adversely affect our business.

The value of existing blockchain assets such as Bitcoin and Ether has historically been subject to significant volatility. The market price of our common stock could be subject to similar volatility if the value of our business and common stock is viewed as being linked to the price and value of certain cryptocurrencies and blockchain assets.

Market prices for publicly traded common stock such as our common stock often are subject to arbitrary pricing factors that are not necessarily directly associated with traditional factors that influence stock prices or the value of non-cryptocurrency assets such as revenue, cash flows, profitability, growth prospects or corporate events such as new product introductions, entry into major contracts or achievement of other corporate milestones. As VMSO develops, launches and implements MVN, the market price of shares of our common stock may be influenced by investors' perception of and speculative expectations regarding existing blockchain assets such as Bitcoin and Ether as well as future anticipated adoption or appreciation in value of cryptocurrencies, such as MVT, or overall growth in and demand for blockchain-based technologies, factors over which we and VMSO have little or no influence or control. If investors view our business and the value of our common stock as dependent upon or linked to the value or growth of cryptocurrencies generally or blockchain assets, the price of such cryptocurrencies or blockchain asset may influence significantly the market price of shares of our common stock. The prices of blockchain assets such as Bitcoin have historically been subject to dramatic fluctuations and are highly volatile which may cause the market price of our common stock to experience significant volatility.

The market price of shares of our common stock may also be subject to speculative forces—both positive and negative --following announcement of our intent to develop MVN due to the highly speculative investment environment currently surrounding blockchain technologies and cryptocurrencies. Growth in mainstream media coverage has resulted in investors that were previously unfamiliar with the cryptocurrency markets and digital assets now seeking out investment opportunities in these areas. With few or limited public company options for investment exposure to blockchain technologies or cryptocurrencies, interest in our common stock may be unusually high for a period of time, and our common stock price may continue to be volatile as we provide updates on the development, launch and implementation of MVN. If blockchain technology development or acceptance slows or is subject to unfavorable media coverage or investor sentiment, if the trading prices of cryptocurrency decrease or if we are unable to successfully develop and launch MVN and MVT in a timely way, the trading price of our common stock may decrease dramatically. When significant stock price volatility occurs, particularly when accompanied by signs of speculative trading, it is not uncommon for the Securities and Exchange Commission or other regulatory or self-regulatory authorities to investigate the circumstances, which can be costly and divert the attention of senior management from the management of normal business operations.

The regulatory regime governing blockchain technologies, cryptocurrencies, digital assets, MVN and distribution and utilization of digital assets such as MVT is uncertain, and new regulations or policies may materially adversely affect the development and the value of MVN and MVT.

The regulation of blockchain technologies and platforms like MVN, cryptocurrencies and other digital assets and cryptocurrency exchanges is currently undeveloped and uncertain and likely to rapidly evolve as government agencies take action to regulate and monitor them. Regulation also varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty.

Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the operability of MVN and permissibility of cryptocurrencies generally and the technology behind them or the means of transaction or in transferring them. Failure by us to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

Blockchain-based networks and distributed ledger technologies also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that may conflict with those of the United States or may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to our business.

The further development and acceptance of blockchain networks, which represent a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have a material adverse effect on our business plans and could have a material adverse effect on us.

The growth of the blockchain industry in general, as well as the blockchain networks on which MVN will rely, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency and cryptosecurity industries, as well as blockchain networks, include uncertainty regarding:

- Worldwide growth in the adoption and use of cryptocurrencies, and other blockchain technologies;
- Government and quasi-government regulation of cryptocurrencies and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of the open-source software protocol of the blockchain networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using traditional currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; and
- The popularity or acceptance of Bitcoin or other blockchain-based tokens.

The cryptocurrency and cryptosecurities industries as a whole have been characterized by rapid changes and innovations and are continually evolving. Although blockchain networks and blockchain assets have experienced significant growth in recent years, the slowing or stopping of the development, general acceptance and adoption and usage of these networks and assets may materially adversely affect our business plans and results of operations.

The development and operation of MVN and MVT may require VMSO to in-license technology and intellectual property rights.

VMSO’s ability to develop and operate MVN and MVT may depend on technology and intellectual property rights that it may license from unaffiliated third parties. If for any reason VMSO were to fail to obtain or develop the technology and intellectual property that MVN or MVT requires or fail to comply with its obligations under any material license agreement, MVN might be unable to operate effectively, which would have a material adverse effect on VMSO’s operations and financial condition and could have a material adverse effect on us.

MVN may face substantial competition from a number of known and unknown competitors. Alternative networks may be established that compete with or are more widely used than MVN.

It is possible that alternative networks or technologies could be established that utilize the same or similar open source code and protocol underlying MVN and attempt to facilitate services that are materially similar to the services and feature that VMSO intends to make available on MVN. Additionally, existing technologies that do not rely on blockchain technologies may perform better or be more trusted by consumers than MVN. Competition with new and existing alternatives to MVN could negatively impact the success and adoption of MVN and MVT.

Risks related to BroadVision common stock

One stockholder beneficially owns a substantial portion of the outstanding BroadVision common stock, and as a result exerts substantial control over us.

As of December 31, 2018, Dr. Pehong Chen, our Chairman, President, Chief Executive Officer and Interim Chief Financial Officer, beneficially owned approximately 1.6 million shares of our common stock, which represents approximately 32% of the outstanding common stock as of such date. As a result, Dr. Chen exerts substantial control over all matters coming to a vote of our stockholders, including with respect to:

- the composition of our board of directors and, through it, any determination with respect to our business direction and policies, including the appointment and removal of officers;
- any determinations with respect to mergers and other business combinations;
- our acquisition or disposition of assets;
- our financing activities; and
- the payment of dividends on our capital stock.

This control by Dr. Chen could depress the market price of our common stock or delay or prevent a change in control of BroadVision.

We do not currently meet the requirements for continued listing on the Nasdaq Capital Market, and our common stock could be delisted from trading, which would adversely affect the liquidity of our common stock and our ability to raise additional capital.

In November 2017, we transferred the listing of our common stock from the Nasdaq Global Market to the Nasdaq Capital Market as our stockholders’ equity had decreased from $12.1 million at June 30, 2017 to $9.7 million at September 30, 2017. We are required to meet specified listing criteria in order to maintain our listing on the Nasdaq Capital Market. Nasdaq Rule 5550(b)(1) requires companies listed on the Nasdaq Capital Market to maintain a minimum of $2.5 million in stockholders’ equity for continued listing. As our stockholders’ equity at December 31, 2018 was $1.4 million, we expect that the Nasdaq Capital Market will take formal action and determine that we are no longer suitable for listing and may commence delisting procedures, in which case we may be able to transfer to the over-the-counter bulletin board. Any potential delisting of our common stock from the Nasdaq Capital Market would make it more difficult for our stockholders to sell our stock in the public market and would likely result in decreased liquidity and increased volatility for our common stock.

Our stock price has been highly volatile.

The high and low price of BroadVision common stock on the Nasdaq Stock Market ranged from $5.95 per share to $0.99 per share between January 1, 2017 and December 31, 2018. Our stock price is subject to wide fluctuations in response to a variety of factors, including:

- quarterly variations in operating results;
- announcements of technological innovations;
- announcements of new software or services by us or our competitors;
- changes in financial estimates by securities analysts;
- low trading volume on the NASDAQ Stock Market;
- general economic conditions; or
- other events or factors that are beyond our control.

In addition, the stock market has experienced significant price and volume fluctuations that have particularly affected the trading prices of equity securities of many technology companies. These fluctuations have often been unrelated or disproportionate to the operating performance of these companies. Any negative change in the public's perception of the prospects of Internet, enterprise social networking or electronic commerce companies could further depress our stock price regardless of our results. Other broad market fluctuations may decrease the trading price of BroadVision common stock. In the past, following declines in the market price of a company's securities, securities class action litigation, such as the class action lawsuits filed against us and certain of our officers and directors in early 2001 has often been instituted against that company. Litigation could result in substantial costs and a diversion of management's attention and resources.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 31, 2018, we leased approximately 5,026 square feet of office space, consisting of

- Our headquarters of 2,067 square feet at Seaport Court in Redwood City, California, used for research and development, technical support, sales, marketing, consulting, training and administration;
- Small regional offices used primarily for sales, marketing and customer services in Waltham, MA; Rome and Milan, Italy; Tokyo, Japan; and Taipei, Taiwan.

We fully occupied all of our leased office spaces as of December 31, 2018. We believe our facilities are suitable for their respective uses and are adequate to support our current and anticipated volume of business.

ITEM 3. LEGAL PROCEEDINGS

We are subject from time to time to various legal actions and other claims arising in the ordinary course of business. We are not presently a party to any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Until our delisting on March 8, 2006, our common stock had been quoted on the Nasdaq National Market. From March 8, 2006 to May 24, 2007, our common stock was quoted on the Pink Sheets®. From May 25, 2007 to October 24, 2008, our common stock was trading on the OTC Bulletin Board. Effective as of the open of trading on October 27, 2008, we effected a one-for-twenty-five reverse split of our common stock. Effective as of November 10, 2008, we have transferred the quotation of our common stock from the OTC Bulletin Board to the Nasdaq Global Market under the trading symbol "BVSN". Effective as of November 13, 2017, the listing of our common stock was transferred from the Nasdaq Global Market to the Nasdaq Capital Market. The following table shows high and low sale prices per share of our common stock as reported on the Nasdaq Stock Market:

	High	Low
Fiscal Year 2018		
First Quarter	$ 3.85	$ 2.30
Second Quarter	3.10	1.77
Third Quarter	2.60	1.59
Fourth Quarter	2.10	0.99
Fiscal Year 2017		
First Quarter	$ 5.95	$ 4.50
Second Quarter	5.45	3.90
Third Quarter	4.50	3.57
Fourth Quarter	4.50	2.66

As of February 28, 2019, there were 195 holders (not including beneficial holders of common stock held in street name) of record of BroadVision common stock. On February 28, 2019, the closing price reported on the Nasdaq Capital Market for BroadVision common stock was $1.64 per share.

We have never declared or paid cash dividends on our common stock, and currently do not plan to pay any cash dividends in the foreseeable future.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

None.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable to a “smaller reporting company” as defined in Item 10(f)(1) of SEC Regulation S-K.

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

You should read this discussion and analysis in conjunction with our Consolidated Financial Statements and the related Notes appearing elsewhere in this report. In addition to the historical consolidated information, the following discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. These forward-looking statements are generally identified by words such as "expect", "anticipate", "intend", "believe", "hope", "assume", "estimate", "plan", "will" and other similar words and expressions. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in the forward-looking statements as a result of certain factors. Factors that could cause or contribute to differences include those discussed below and elsewhere in this Form 10-K, particularly in Item 1A, "Risk

Factors." We undertake no obligation to publicly release any revisions to the forward-looking statements or to reflect events and circumstances after the date of this document.

Overview

Since 1993, BroadVision has been a pioneer and consistent innovator of e-business solutions. We deliver a combination of technologies and services into the global market that enable customers of all sizes to power mission-critical web, cloud and mobile initiatives that ultimately deliver high-value to their bottom line. Our offering consists of a robust framework for personalization and self-service, modular applications and agile toolsets that customers use to create e-commerce, portal solutions, Enterprise Social Networking (ESN), and collaboration and knowledge management solutions. Most recently, we have added mobile and cloud capabilities to our platforms to enable our customers for rapid deployment of robust, secure, and scalable solutions.

Our objective is to further our position as a global supplier of innovative e-business solutions with the addition of enterprise collaboration and engagement solutions. Together with our legacy Business Agility Suite, Commerce Agility Suite and QuickSilver solutions, our enterprise collaboration and engagement solutions are designed to enhance the communication, collaboration and knowledge management capabilities of organizations with their customers, partners and employees to improve productivity and efficiency.

We generate revenue from fees for licenses of our software products and related maintenance, consulting services and customer training. We generally charge fees for licenses of our software products based on (1) the number of persons registered to use the product; or (2) the number of CPUs utilized by the machines on which the product is installed. We also charge fees for access and use of Cloud or SaaS solutions. Payment terms are generally 30 to 60 days from the date the software products are delivered, the maintenance or subscription contracts are booked, or the consulting services are provided.

We have not generated net income since 2009. Our ability to generate profits or positive cash flows in future periods remains uncertain.

Our operations face two key challenges: maturity of our major revenue-generating legacy products, and competing in a crowded ESN solution space. We continue to invest heavily in cloud-based, mobile, messaging and collaboration technologies, while continuing to support our legacy base. Total 2018 revenues of $5.1 million were lower compared to total 2017 revenues of $6.4 million, primarily due to a decrease in legacy revenue from Quicksilver and K2. We expect that the decline in our legacy revenue, which is the majority of our revenue mix, will continue to dominate our overall financial performance until a significant installed base of new product revenues is established. We are continuing to diligently invest in new technologies in an effort to maintain our competitive advantages in the mobile communications and collaboration and knowledge management spaces.

Recent Developments

MyVmoso Network Product Development Initiatives

In 2018, we began working on initiatives to develop and advance a new platform, MyVmoso Network (MVN), a personal digital hub that will utilize our Vmoso platform in conjunction with blockchain technology to act as a bank for consumers' personal data, as well as provide secure, personalized, persistent, symmetrical engagement channels between consumers and the businesses with which they have relationships. MVN is being developed to provide secure storage for important data such as health records, financial transactions, product purchases and warranties, such that users can trust, unify, manage and monetize their personal data. MVN is being designed to provide:

- a place for users to communicate with organizations that they deal with on their terms;
- a platform for businesses to build blockchain-enabled applications for customer engagement;
- a way for users to monetize their personal data by allowing third parties to use it in exchange for compensation;
- a consent audit trail for users to keep track of who they have allowed to access their data, for what purpose and for how long; and
- a toolkit for exercising data-related digital rights.

MVN is intended to be made available to consumers at no charge, and MVN users will be able to receive compensation for various actions in the form of a new cryptocurrency called the My Vmoso Token (MVT) or possibly an existing cryptocurrency. Examples of the types of actions that would entitle a user to receive cryptocurrency tokens from third parties include loading personal profile information, purchasing history and other personal data into the network, allowing a third party to use personal data for a specified purpose, and responding to a third-party product offer or survey. Compensation would be made through small transaction fees paid by the third parties.

VMSO Financing

In January 2019, we purchased 745,000 shares of VMSO's Series A preferred stock in exchange for our contribution to VMSO of assets representing all of the intellectual property and other assets relating to our Clearvale and Vmoso Platforms, including the Clearvale and Vmoso products and the MVN development project. Following the purchase, we own Series A preferred shares of VMSO representing approximately 19.9% of outstanding shares of VMSO. In January 2019, VMSO raised $3 million from Dr. Chen, our and VMSO's President and Chief Executive Officer and our largest stockholder, through the sale of Class 1 common shares of VMSO to Dr. Chen, representing approximately 80.1% of VMSO's outstanding shares after such purchase. We will provide substantially all of the personnel, facilities and equipment required for the activities of VMSO under the Intercompany Agreement and will be reimbursed for such support on a basis intended to cover our costs. VMSO now holds all of the intellectual property and other assets related to our Clearvale and Vmoso platforms, including the current Clearvale and Vmoso products and the MVN development project. While we consolidate VMSO with our financial results for purposes of U.S. GAAP as it is under common control with us, as a result of the consummation of the VMSO financing, our share of the potential upside, but also our exposure to the development and commercialization cost, of Clearvale, Vmoso and MVN has been significantly reduced.

Since Dr. Chen is both our President, Chief Executive Officer, Interim Chief Financial Officer and our largest stockholder, as well as the President and Chief Executive Officer and majority stockholder of VMSO, we are deemed under common control with VMSO and will treat VMSO as a consolidated variable interest entity and will consolidate its financial results with ours commencing with the first quarter of 2019. See Note [11] of the Notes to our Consolidated Financial Statements for additional information.

Obligations to Related Parties

BVD and BVOD

On November 14, 2008, BroadVision (Delaware) LLC, a Delaware limited liability company ("BVD"), which was then our wholly owned subsidiary, entered into a Share Purchase Agreement with CHRM LLC, a Delaware limited liability company, that is controlled by Dr. Pehong Chen, our CEO and largest stockholder. We and CHRM LLC then entered into an Amended and Restated Operating Agreement of BroadVision (Delaware) LLC dated as of November 14, 2008 (the "BVD Operating Agreement"). Under these agreements, CHRM LLC received, in exchange for the assignment of certain intellectual property rights, 20 Class B Shares of BVD, representing the right to receive a portion of any distribution of "Funds" from "Capital Transactions" (as such terms are defined in the BVD Operating Agreement), with the exact amount to be determined based on our and CHRM LLC's capital account balances at the time of such distribution. A "capital transaction" under that agreement is any merger or sale of substantially all of the assets of BVD as a result of which the members of BVD will no longer have an interest in BVD or the assets of BVD will be distributed to its members. Class B Shares do not participate in any profits of BVD except for net profits related to a "Capital Transaction," in which case the net profits are allocated to the owners of Class A and Class B Shares in proportion to their respective number of shares. To the extent BVD's losses do not exceed undistributed net profits accumulated since the date of issuance of Class B Shares, such losses are allocated to Class A Shares. To the extent net losses exceed the undistributed net profits accumulated since the date of issuance of Class B Shares, such excess is allocated to the owners of Class A and Class B Shares in proportion to their respective cumulative capital contributions less any return of capital, until allocation of such losses results in having the capital account balances equal to zero. Then, net losses are allocated to the owners of Class A and Class B Shares in proportion to their respective number of shares. Upon liquidation, the net assets of BVD are distributed to the owners of Class A and Class B in proportion to their capital account balances.

BVD is the sole owner of BroadVision (Barbados) Limited ("BVB") and BVB is the sole owner of BroadVision On Demand, a Chinese entity ("BVOD"). We have invested approximately $9.0 million in BVOD (directly and through BVD and BVB) from 2007 through 2016. In 2014, we began making payments directly to BVOD for certain labor outsourcing services and expect to continue to pay BVOD for such services at the rate of approximately $550,000 per quarter for the foreseeable future. We made aggregate payments to BVOD of $1.8 million and $2.3 million (based on the RMB to USD exchange rates on the applicable dates of payment) for such services in the years ended December 31, 2018 and 2017, respectively. These payments in part covered services rendered outside of the applicable twelve month periods. We have a controlling voting interest in BVD. Pursuant to the terms of the BVD Operating Agreement, the Class B Shares held by CHRM LLC have no voting rights.

The 20 Class B Shares of BVD represent a non-controlling interest. We allocate profits and losses of BVD to the non-controlling interest under the Hypothetical Liquidation Book Value ("HLBV") method. Under this method, the profits and losses are allocated by reference to the profit sharing provisions in the BVD Operating Agreement assuming liquidation of BVD at its book value at the end of each reporting period. Profits and losses allocated to the balance of such interest under the HLBV method have not been material.

VMSO

As discussed under "Recent Developments" above, on January 2, 2019, we entered into a Series A Preferred Stock Purchase Agreement with VMSO for the purchase of 745,000 shares of VMSO's Series A Preferred Stock for a purchase price comprising the contribution of our intellectual property and other assets valued by our Board of Directors at $745,000. The contributed assets represent substantially all of the intellectual property and other assets relating to our Clearvale and Vmoso platforms, including our current Clearvale and Vmoso products and our MVN development project. VMSO will continue the commercialization of the Clearvale and Vmoso products and the development of MVN.

Following the completion of VMSO's sale of Class 1 Common Stock described below, the shares of Series A Preferred Stock owned by our Company represent approximately 19.9% of the total number of shares of VMSO's capital stock outstanding. The rights, preferences and privileges of VMSO's Series A Preferred Stock include a liquidation preference of $1.00 per share.

Pursuant to the financing plan that we announced in October 2018, on January 2, 2019, Dr. Chen, our and VMSO's President and Chief Executive Officer and our largest stockholder, purchased 3,000,000 shares of VSMO's Class 1 Common Stock, representing approximately 80.1% of the total number of shares of VMSO's capital stock outstanding after such purchase, for a purchase price of $3,000,000 in cash pursuant to a Class 1 Common Stock Purchase Agreement between Dr. Chen and VMSO.

On January 2, 2019, we entered into the "Intercompany Agreement", with VMSO, the terms of which provide for the payment of certain fees to us by VMSO, in exchange for the contribution of our expertise, resources, services, as well as the limited use of our facilities in VMSO's business and operations. The Intercompany Agreement became effective as of January 1, 2019 and shall continue for a period of one year, unless earlier terminated, and shall be renewable upon written consent from both parties.

We and VMSO anticipate that, pursuant to the Intercompany Agreement, we will provide substantially all of the personnel, facilities and equipment required for VMSO's operations for the foreseeable future. The fees contemplated by the Intercompany Agreement are generally intended to permit us to recover the cost to us of providing these personnel, facilities, and equipment.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1 to the Consolidated Financial Statements for a full description of recent accounting pronouncements, including the expected dates of adoption and expected impacts on the results of operations and financial condition, which is incorporated herein by reference.

Critical Accounting Policies, Judgments and Estimates

This management's discussion and analysis of our financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. In preparing these financial statements, we are required to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to receivable reserves, stock-based compensation, investments and income taxes, as well as contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates using different assumptions or conditions. We believe the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of our Consolidated Financial Statements.

Revenue Recognition

On January 1, 2018, we adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, Revenue Recognition (Topic 605), using the modified retrospective transition method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts have not been adjusted and continue to be reported in accordance with our historic accounting under Topic 605. See Note [1] of the Notes to our Consolidated Financial Statements included elsewhere in this Annual Report for additional discussion of our accounting changes related to our adoption of this standard.

New Revenue Accounting Policies Upon Adoption of Topic 606

Our revenue consists of fees for licenses of our software products, maintenance, consulting services and training. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The transaction price is generally in the form of a fixed fee at contract inception without variable considerations. We allocate the transaction price to each distinct performance obligation based on the relative estimated standalone selling prices for each performance obligation. We then look to how control transfers to the customer in order to determine the timing of revenue recognition.

The following is a description of principal activities from which we generate revenue:

Software License Revenues- Products with Non-Ratably Recognized Revenue

Licenses for software products with non-ratably recognized revenue (such as QuickSilver) provide the customer with a right to use the software as it exists when made available to the customer. Customers may purchase perpetual licenses or subscribe to licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenues from such software licenses are recognized upfront at the point in time when the software is made available to the customer, which is consistent with the timing of the payments received from the customer. We do not grant a right of return for these software products.

Software License Revenues – Products with Ratably-Recognized Revenue

Licenses for products with ratably-recognized revenue consist of cloud offerings (such as Vmoso, Clearvale and Clear) that allow customers to use software over the subscription period without taking possession of the software. Revenue related to these licenses is recognized ratably over the contract period. We receive payments from our customers in advance based on billing schedules established in each contract. Upfront payments are recorded as deferred revenue and are recognized as revenue as we perform our obligations under these contracts.

Maintenance Revenues

Maintenance revenues, which include revenues that are allocated from software license agreements that entitle the customers to technical support and future unspecified enhancements to our products, are recognized ratably over the related agreement period, which time period is generally twelve months. Customer payments are usually received annually in advance, which are recorded as deferred revenue and are recognized as revenue as we perform our obligations under these agreements.

Consulting Services Revenues

Consulting services revenues and training revenues are recognized as such services are performed based on time and cost incurred. These services are not essential to the functionality of the software. We record reimbursements from our customers for out-of-pocket expenses as an increase to services revenues.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Judgment is also required to determine the timing of the recognition, as well as the standalone selling price for each distinct performance obligation. In instances where the standalone selling price is not directly observable, such as when we do not sell the product or service separately, we determine such standalone selling price using information that may include market conditions and other observable inputs.

Practical Expedients and Exemptions

We generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

Receivable Reserves

Occasionally, our customers experience financial difficulty after we recognize the sale but before payment has been received. We maintain receivable reserves for estimated losses resulting from the inability of our customers to make required payments. Our normal payment terms are generally 30 to 60 days from the invoice date. If the financial condition of our customers were to deteriorate, resulting in their inability to make the contractual payments, additional reserves may be required. Losses from customer receivables in the two-year period ended December 31, 2018, have not been significant. If all efforts to collect a receivable fail, and the receivable is considered uncollectible, we would write it off against the receivable reserve.

Research and Development and Software Development Costs

ASC 985-20, Costs of Software to be Sold, Leased, or Marketed ("ASC 985-20"), requires capitalization of certain software development costs subsequent to the establishment of technological feasibility. Based on our product development process, technological feasibility is established upon the completion of a working model. To date, costs incurred by us between the completion of the working model and the point at which the product is ready for general release have been insignificant. Accordingly, we have charged all such costs to research and development expenses in the period incurred.

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Income Taxes and Deferred Tax Assets

Income taxes are computed using an asset and liability approach in accordance with ASC 740-10, Income Taxes ("ASC 740-10"), which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in our Consolidated Financial Statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, is not expected to be realized.

We analyze our deferred tax assets with regard to potential realization. We have established a valuation allowance on our deferred tax assets to the extent that management has determined that it is more likely than not that some portion or all of the deferred tax asset will not be realized based upon the uncertainty of their realization. We consider the effects of estimated future taxable income, current economic conditions and ongoing prudent and feasible tax planning strategies in assessing the amount of the valuation allowance. Because we have a full valuation allowance against our U.S. net deferred tax assets, the Tax Cuts and Jobs Act of 2017, or Tax Act, will not materially impact our balance sheet or statement of operations. See Note 5 – Income Taxes in the Notes to our Consolidated Financial Statements (Part II, Item 8 of this Form 10-K) for the Tax Act’s impact to our net deferred tax assets.

Stock-Based Compensation

We account for share-based payment arrangement in accordance with ASC 718-10, Compensation – Stock Compensation ("ASC 718-10"), using the modified-prospective transition method. Under ASC 718-10, share-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense, net of estimated pre-vesting forfeitures, ratably over the vesting period of the award.

Further details related to our Stock Benefit Plans and our adoption of ASC 718-10 are provided in Note 7 – Stockholders' Equity in the Notes to our Consolidated Financial Statements.

Statements of Comprehensive Loss as a Percentage of Total Revenues

The following table sets forth certain items reflected in our Consolidated Statements of Comprehensive Loss expressed as a percent of total revenues for the periods indicated.

	Years Ended December 31,	
	2018	2017
Revenues:		
Software licenses	55 %	55 %
Services	45	45
Total revenues	100	100
Cost of revenues:		
Cost of software revenues	3	3
Cost of services	36	47
Total cost of revenues	39	50
Gross profit	61	50
Operating expenses:		
Research and development	99	103
Sales and marketing	36	58
General and administrative	61	59
Total operating expenses	196	220
Operating loss	(135)	(170)
Other income (loss), net	(4)	12
Loss before income taxes	(139)	(158)
Benefit (provision) for income taxes	1	2
Net loss	(138)%	(156)%

Results of Operations

Revenues. License revenue from the sales of software licenses for the year ended December 31, 2018 was $2.8 million, down $0.7 million, or 20% from $3.5 million for the year ended December 31, 2017. Services revenues consist of maintenance revenues and consulting services revenues. Maintenance revenue, which is generally derived from maintenance contracts sold with initial customer licenses and from subsequent contract renewals, for the year ended December 31, 2018 was $1.8 million, up $0.1 million or 6% from $1.7 million for the year ended December 31, 2017. Consulting service revenue, which is generally related to services in connection with our licensed software, for the year ended December 31, 2018, was $0.5 million, down $0.7 million, or 58% from $1.2 million for the year ended December 31, 2017. Total 2018 revenues of $5.1 million were lower compared to total 2017 revenues of $6.4 million. $1.3 million of the decrease in revenues was related to legacy revenue from Quicksilver and K2. We expect our revenues to continue to decrease primarily due to a decrease in legacy revenue from Quicksilver and K2.

Cost of software revenues. Cost of software revenues includes the cost of our cloud hosting operation, net costs of product media, duplication, packaging, and other manufacturing costs as well as royalties payable to third parties for software that is either embedded in, or bundled and sold with, our products. Cost of software revenues for the year ended December 31, 2018 was $125,000, down $53,000, from $178,000 for the year ended December 31, 2017. The decrease was primarily due to the lower cost of our cloud hosting operation.

Cost of services. Cost of services consists primarily of employee-related costs, third-party consultant fees incurred on consulting projects, post-contract customer support and instructional training services. Cost of services for the year ended December 31, 2018 was $1.8 million, down $1.2 million, or 40% from $3.0 million for the year ended December 31, 2017. The decrease was primarily due to a decrease in employee-related costs as a result of headcount reduction and to a reduction in the use of third-party consultants on consulting projects.

Research and development. Research and development expenses consist primarily of salaries, employee-related benefit costs and consulting fees incurred in association with the development of our products. Research and development expenses for the year ended

December 31, 2018 were $5.0 million, down $1.6 million, or 24% from $6.6 million for the year ended December 31, 2017. The decrease was primarily due to a decrease in employee-related costs as a result of headcount reduction.

Sales and marketing. Sales and marketing expenses consist primarily of salaries, employee-related benefit costs, commissions and other incentive compensation, travel and entertainment and marketing program-related expenditures such as for collateral materials, trade shows, public relations, advertising and creative services. Sales and marketing expenses for the year ended December 31, 2018 were $1.8 million, down $1.9 million, or 51% from $3.7 million for the year ended December 31, 2017. The decrease was primarily due to a decrease in employee-related costs as a result of headcount reduction.

General and administrative. General and administrative expenses consist primarily of salaries, employee-related benefit costs, provisions and credits related to uncollectible accounts receivable, professional service fees and legal fees. General and administrative expenses for the year ended December 31, 2018 were $3.1 million, down $0.6 million, or 16% from $3.7 million for the year ended December 31, 2017. The decrease was primarily due to a decrease in employee-related costs as a result of headcount reduction.

Interest income, net. Net interest income includes interest income on investment funds. We generated $67,000 and $129,000 in interest income for the years ended December 31, 2018 and 2017, respectively. This decrease was primarily due to lower interest income from short-term investments which matured during 2018.

Other income (loss), net. Other loss, net during the year ended December 31, 2018, was $0.3 million compared to other income, net, of $0.6 million for the year ended December 31, 2017. Other loss, net in 2018 and Other income, net in 2017 were primarily due to the remeasurement of the foreign currency exchange rate fluctuation on our Euro assets.

Benefit for income taxes. The income tax benefit was $31,000 for the year ended December 31, 2018, compared to the income tax benefit of $112,000 for the year ended December 31, 2017. The tax benefit for the year ended December 31, 2018 was primarily due to intra-period tax allocation. The tax benefit for the year ended December 31, 2017 was primarily due to refundable Alternative Minimum Tax (AMT) credit resulted from the repeal of AMT by the Tax Cuts and Jobs Act.

Liquidity and Capital Resources

Background and Overview

For the year ended December 31, 2018, we had a net loss of $7.0 million and negative cash flow from operations of $7.1 million, and at December 31, 2018, we had working capital of $1.9 million. At December 31, 2018, we had $2.6 million in cash and cash equivalents and no short-term investments. Our combined cash, cash equivalents and short-term investment balances as of December 31, 2018 declined by $7.0 million compared to such balances as of December 31, 2017. This decrease was mainly due to net cash used for operating activities, as described in the Consolidated Statements of Cash Flows for 2018.

Based on our current business plan, we believe that our existing cash, cash equivalents and investment balances will be sufficient to meet our working capital and operating resource expenditure requirements for the twelve months from the date of issuance of the Consolidated Financial Statements. However, we could experience unforeseen circumstances, such as an economic downturn, difficulties in retaining customers and/or employees, or other factors that could increase our use of available cash and require us to seek additional financing. We may find it necessary to obtain additional equity or debt financing due to the factors listed above or in order to support a more rapid expansion, develop new or enhanced products or services, respond to competitive pressures, acquire complementary businesses or technologies or respond to unanticipated requirements.

Our future capital requirements will depend on many factors including growth or decline in customer accounts, the timing and extent of spending to support product development efforts and ongoing investments in our products and services, the introduction of new and enhanced products or services, features and functionality, and our ability to control expenses generally. We have implemented cost reduction plans since the second half of 2017 to reduce our cash needs and reduced the cost of our operations by approximately $5 million in 2018. In January 2019, we completed the VMSO financing, pursuant to which VMSO raised $3 million in cash from our and VMSO's President and Chief Executive Officer and our largest stockholder, Dr. Chen, and VMSO now holds all of the intellectual property and other assets related to our Clearvale and Vmoso platforms, reducing our exposure to future development and commercialization cost of Clearvale, Vmoso and MVN. However, further cost reductions may result in voluntary departures of highly skilled technical and managerial personnel from our company, which would have a material adverse effect on our business, internal controls, financial condition and results of operations. We expect to opportunistically seek to raise additional funds through private or public sales of securities, strategic relationships, bank debt, financing under leasing arrangements or otherwise. If additional funds are raised through the issuance of equity securities, the percentage ownership of our current stockholders will be reduced, stockholders may experience additional dilution or any equity securities we sell may have rights, preferences or privileges senior to those of the holders of our common stock. We expect that obtaining additional financing on acceptable terms would be difficult, at best. If adequate funds are not available or are not available on acceptable terms, we may be unable to pay our debts as they become due, develop our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements, which could have a material adverse effect on our business, financial condition and future operating results. The outcome of these matters cannot be predicted at this time. Our ability to continue as a going concern is dependent upon our ability to successfully accomplish these plans and secure sources of financing and/or reduce costs and ultimately attain profitable operations.

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The following table represents our liquidity indicators at December 31, 2018 and 2017 (dollars in thousands):

	December 31,	
	2018	2017
Cash and cash equivalents	$ 2,574	$ 8,560
Short-term investments	$ -	$ 1,000
Working capital	$ 1,853	$ 7,649
Working capital ratio	1.98	2.87

Cash Used for Operating Activities

Cash used for operating activities was $7.1 million for fiscal year 2018, mainly attributable to a $7.0 million operating loss offset by noncash items and changes in operating assets and liabilities.

Cash used for operating activities was $9.6 million for fiscal year 2017, mainly attributable to a $9.9 million operating loss offset by noncash items and changes in operating assets and liabilities.

Cash Provided by Investing Activities

Cash provided by investing activities in fiscal years 2018 and 2017 was $1.0 million and $7.0 million, respectively. Cash provided by investing activities in both periods was primarily related to the purchase or maturities of short-term investments in bonds.

Cash Provided by Financing Activities

Cash provided by financing activities was $10,000 in fiscal year 2018. Cash provided by financing activities was $79,000 in fiscal year 2017. Cash provided by financing activities in both periods was primarily attributable to purchases of common stock under the Employee Stock Purchase Plan.

Off-Balance Sheet Arrangements

As of December 31, 2018, we had no off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended) that create potential material risks for us and that are not recognized in our Consolidated Balance Sheets as of December 31, 2018 and 2017.

Leases and Other Contractual Obligations

We lease our headquarters and other facilities under non-cancelable operating lease agreements, which expire at various dates during or before June 2020. Under the terms of the agreements, we are required to pay lease costs, property taxes, insurance, and normal maintenance costs.

We expect to incur significant operating expenses for the foreseeable future in order to execute our business plan. As of December 31, 2018, total future minimum lease payments are $0.2 million under non-cancelable operating lease agreements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to a “smaller reporting company” as defined in Item 10(f)(1) of SEC Regulation S-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements and the related Notes thereto of BroadVision, Inc. and the Report of the Company’s Independent Registered Public Accounting Firm are filed as a part of this Form 10-K.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors

BroadVision, Inc.

Redwood City, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of BroadVision, Inc. and Subsidiaries (collectively, the “Company”) as of December 31, 2018 and 2017, the related consolidated statements of comprehensive loss, stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2018, and the related notes and financial statement Schedule II (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the accompanying consolidated financial statements, the Company has changed its method of accounting for revenue in 2018 due to the adoption of Financial Accounting Standards Board (United States) Accounting Standard Codification Topic No. 606, Revenue from Contracts with Customers.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ OUM & CO. LLP

San Francisco, California

April 1, 2019

We have served as the Company's auditor since 2006.

BROADVISION, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)

	December 31, 2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,574	$ 8,560
Short-term investments	-	1,000
Accounts receivable, net of reserves of $193 and $293 as of December 31, 2018 and 2017, respectively	476	1,193
Prepaids and other	692	983
Total current assets	3,742	11,736
Property and equipment, net	15	35
Other assets	96	208
Total assets	$ 3,853	$ 11,979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 256	$ 434
Accrued expenses	847	1,658
Unearned revenue	449	1,187
Deferred maintenance	337	808
Total current liabilities	1,889	4,087
Other non-current liabilities	563	583
Total liabilities	2,452	4,670
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Convertible preferred stock, $0.0001 par value; 1,000 shares authorized; none issued and outstanding		
Common stock, $0.0001 par value; 11,200 shares authorized; 5,057 and 4,995 shares issued and outstanding as of December 31, 2018 and 2017, respectively		
Additional paid-in capital	1,271,949	1,271,585
Accumulated other comprehensive loss	(1,435)	(1,558)
Accumulated deficit	(1,269,113)	(1,262,718)
Total stockholders' equity	1,401	7,309
Total liabilities and stockholders' equity	$ 3,853	$ 11,979

See Accompanying Notes to Consolidated Financial Statements

BROADVISION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands, except per share amounts)

	Years Ended December 31, 2018	2017
Revenues:		
Software licenses	$ 2,783	$ 3,467
Services	2,268	2,890
Total revenues	5,051	6,357
Cost of revenues:		
Cost of software revenues	125	178
Cost of services	1,833	2,970
Total cost of revenues	1,958	3,148
Gross profit	3,093	3,209
Operating expenses:		
Research and development	5,020	6,563
Sales and marketing	1,829	3,676
General and administrative	3,088	3,733
Total operating expenses	9,937	13,972
Operating loss	(6,844)	(10,763)
Other income (loss):		
Interest income, net	67	129
Other income (loss), net	(254)	623
Total other income (loss)	(187)	752
Loss before income taxes	(7,031)	(10,011)
Benefit for income taxes	31	112
Net loss	(7,000)	(9,899)
Other comprehensive (loss) income , net of tax:		
Foreign currency translation adjustment	123	(591)
Comprehensive loss	$ (6,877)	$ (10,490)
Earnings per share, basic and diluted:		
Basic and diluted net loss per share	$ (1.40)	$ (1.99)
Shares used in computing:		
Weighted average shares-basic and diluted	4,997	4,975

See Accompanying Notes to Consolidated Financial Statements

BROADVISION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balances as of December 31, 2016	4,958	$ -	$ 1,270,649	$ (967)	$ (1,252,819)	$ 16,863
Net loss		-			(9,899)	(9,899)
Other comprehensive income (loss)				(591)		(591)
Stock-based compensation			857			857
Issuance of common stock from restricted stock awards	15	-	-			-
Issuance of common stock under employee stock purchase plan	22	-	79			79
Issuance of common stock from exercise of options	-	-	-			-
Balances as of December 31, 2017	4,995	-	1,271,585	(1,558)	(1,262,718)	7,309
Net loss		-			(7,000)	(7,000)
Other comprehensive income (loss)				123		123
Stock-based compensation			354			354
Issuance of common stock from restricted stock awards	56	-	-			-
Issuance of common stock under employee stock purchase plan	6	-	10			10
Cumulative effect of adoption of ASC 606 (see Note 1)					605	605
Balances as of December 31, 2018	5,057	$ -	$ 1,271,949	$ (1,435)	$ (1,269,113)	$ 1,401

See Accompanying Notes to Consolidated Financial Statements

BROADVISION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31, 2018	2017
Cash flows from operating activities:		
Net loss	$ (7,000)	$ (9,899)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	22	32
Stock-based compensation	354	857
Loss on retirement of fixed assets	12	
Provision of receivable reserves	(100)	115
Accumulated effect on accounting changes	605	-
Changes in operating assets and liabilities:		
Accounts receivable	819	(412)
Prepaids and other	291	203
Other non-current assets	112	(61)
Accounts payable and accrued expenses	(990)	(151)
Unearned revenue and deferred maintenance	(1,209)	(158)
Other noncurrent liabilities	(20)	(151)
Net cash used for operating activities	(7,104)	(9,625)
Cash flows from investing activities:		
Purchase of property and equipment	(15)	(7)
Purchase of short-term investments	-	(4,500)
Maturities of short-term investments	1,000	11,474
Net cash provided by investing activities	985	6,967
Cash flows from financing activities:		
Proceeds from issuance of common stock, net	10	79
Net cash provided by financing activities	10	79
Effect of exchange rates on cash and cash equivalents	123	(591)
Net decrease in cash and cash equivalents	(5,986)	(3,170)
Cash and cash equivalents at beginning of year	8,560	11,730
Cash and cash equivalents at end of year	$ 2,574	$ 8,560
Supplemental disclosures of cash flows activities:		
Cash paid for income taxes	$ 4	$ 15

See Accompanying Notes to Consolidated Financial Statements

BROADVISION, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1---Organization and Summary of Significant Accounting Policies

Nature of Business

BroadVision, Inc. (collectively with its subsidiaries, "BroadVision" or "we") was incorporated in the state of Delaware on May 13, 1993, and has been a publicly traded corporation since 1996. We develop, market, and support enterprise portal applications that enable companies to unify their e-business infrastructure and conduct both interactions and transactions with employees, partners, and customers through a personalized self-service model that increases revenues, reduces costs, and improves productivity.

On January 1, 2018, we adopted a new revenue recognition standard, Revenue from Contracts with Customers (Topic 606), which was issued by the Financial Accounting Standards Board (“FASB”) in May 2014. See Recent Accounting Pronouncements included below in this Note 1 for additional discussion of our accounting changes related to our adoption of this standard.

Principles of Consolidation

The accompanying Consolidated Financial Statements include our and our subsidiaries’ accounts. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make certain assumptions and estimates that affect reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate the reasonableness of our estimates, including those related to receivable reserves, stock-based compensation, investments and income taxes, as well as contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates using different assumptions or conditions. We believe the following significant accounting policies reflect the more significant judgments and estimates used in the preparation of our Consolidated Financial Statements.

Liquidity

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. During the year ended December 31, 2018, the Company had a net loss of $7.0 million and negative cash flow from operations of $7.1 million, and at December 31, 2018 the Company had a working capital of $1.9 million. At December 31, 2018, the Company has cash and cash equivalents of $2.6 million and no short-term investments. The Company has implemented cost reduction plans since the second half of 2017 to reduce the Company's cash needs and reduced the cost of its operations by approximately $5 million in 2018. In January 2019, we completed the VMSO financing, pursuant to which VMSO raised $3 million in cash from our and VMSO's President and Chief Executive Officer and our largest stockholder and VMSO now holds all of the intellectual property and other assets related to our Clearvale and Vmoso platforms, reducing our exposure to future development and commercialization cost of Clearvale, Vmoso and MVN. The Company's cash on hand plus VMSO financing will be sufficient to fund operations for at least twelve months from the date of issuance of these consolidated financial statements.

However, further cost reductions may cause voluntary departures of highly skilled technical and managerial personnel, which would have a material adverse effect on our business, internal controls, financial condition and results of operations. We expect to opportunistically seek to raise additional funds through private or public sales of securities, strategic relationships, bank debt, financing under leasing arrangements or otherwise. If additional funds are raised through the issuance of equity securities, the percentage ownership of our current stockholders will be reduced, stockholders may experience additional dilution or any equity securities we sell may have rights, preferences or privileges senior to those of the holders of our common stock. We expect that obtaining additional financing on acceptable terms would be difficult, at best. If adequate funds are not available or are not available on acceptable terms, we may be unable to pay our liabilities as they become due, develop our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements, which could have a material adverse effect on our business, financial condition and future operating results. The outcome of these matters cannot be predicted at this time. Our ability to continue as a going concern is dependent upon our ability to successfully accomplish these plans and secure sources of financing and/or reduce costs and ultimately attain profitable operations.

Revenue Recognition

On January 1, 2018, we adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, Revenue Recognition (Topic 605), using the modified retrospective transition method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts have not been adjusted and continue to be reported in accordance with our historic accounting under Topic 605. The impact of adopting the new revenue standard is presented below in this Note 1.

New Revenue Accounting Policies Upon Adoption of Topic 606

Our revenue consists of fees for licenses of our software products, maintenance, consulting services and training. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The transaction price is generally in the form of a fixed fee at contract inception without variable considerations. We allocate the transaction price to each distinct performance obligation based on the relative estimated standalone selling prices for each performance obligation. We then look to how control transfers to the customer in order to determine the timing of revenue recognition.

The following is a description of principal activities from which we generate revenue:

Software License Revenues- Products with Non-Ratably Recognized Revenue

Licenses for software products with non-ratably recognized revenue (such as QuickSilver) provide the customer with a right to use the software as it exists when made available to the customer. Customers may purchase perpetual licenses or subscribe to licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software. Revenues from such software licenses are recognized upfront at the point in time when the software is made available to the customer, which is consistent with the timing of the payments received from the customer. We do not grant a right of return for these software products.

Software License Revenues – Products with Ratably-Recognized Revenue

These cloud offerings (such as Vmoso, Clearvale and Clear) allow customers to use software over the subscription period without taking possession of the software. Revenue related to these licenses is recognized ratably over the contract period. We receive payments from our customers in advance based on billing schedules established in each contract. Upfront payments are recorded as deferred revenue and are recognized as revenue as we perform our obligations under these contracts.

Maintenance Revenues

Maintenance revenues, which include revenues that are allocated from software license agreements that entitle the customers to technical support and future unspecified enhancements to our products, are recognized ratably over the related agreement period, which time period is generally twelve months. Customer payments are usually received annually in advance, which are recorded as deferred revenue and are recognized as revenue as we perform our obligations under these agreements.

Consulting Services Revenues

Consulting services revenues and training revenues are recognized as such services are performed based on time and cost incurred. These services are not essential to the functionality of the software. We record reimbursements from our customers for out-of-pocket expenses as an increase to services revenues.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Judgment is also required to determine the timing of the recognition, as well as the standalone selling price for each distinct performance obligation. In instances where the standalone selling price is not directly observable, such as when we do not sell the product or service separately, we determine such standalone selling price using information that may include market conditions and other observable inputs.

Practical Expedients and Exemptions

We generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within sales and marketing expenses.

Cash and Cash Equivalents, and Short-term Investments

We consider all debt with remaining maturities of three months or less at the date of purchase to be cash equivalents. Short-term investments consist of debt that has a remaining maturity of less than one year as of the date of the balance sheet.

Management determines the appropriate classification of short-term investments at the time of purchase and evaluates such designation as of each balance sheet date. All short-term investments to date have been classified as held-to-maturity and carried at amortized cost, which approximates fair market value, on our Consolidated Balance Sheets. Our held-to-maturity securities did not have any gross unrealized gains and losses as of December 31, 2018 and 2017, respectively. Our short-term investments matured during fiscal 2018 and no short-term investment was outstanding as of December 31, 2018. Total interest income for fiscal years 2018 and 2017 was $67,000 and $129,000, respectively.

Research and Development and Software Development Costs

ASC 985-20, Cost of Software to be Sold, Leased, or Marketed ("ASC 985-20"), requires capitalization of certain software development costs subsequent to the establishment of technological feasibility. Based on our product development process, technological feasibility is established upon the completion of a working model. To date, costs incurred by us from the completion of the working model to the point at which the product is ready for general release have been insignificant. Accordingly, we have charged all such costs to research and development expenses in the period incurred.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense, which is included in sales and marketing expense in the accompanying Consolidated Statements of Comprehensive Loss, amounted to $6,000 and $44,000 in 2018 and 2017, respectively.

Receivable Reserves

Occasionally, our customers experience financial difficulty after we recognize the revenue but before payment has been received. We maintain receivable reserves for estimated losses resulting from the inability of our customers to make required payments. Our normal payment terms are generally 30 to 60 days from the invoice date. If the financial condition of our customers were to deteriorate, resulting in their inability to make the contractual payments, additional reserves may be required. Losses from customer receivables in the two-year period ended December 31, 2018, have not been significant. If all efforts to collect a receivable fail, and the receivable is considered uncollectible, such receivable would be written off against the receivable reserve.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, and accounts receivable. We maintain our cash and cash equivalents and short-term investments with high-quality institutions. Our management performs ongoing credit evaluations of our customers and requires certain of these customers to provide security deposits or letters of credit.

Cash deposits and cash equivalents in foreign countries of approximately $1.3 million and $1.6 million on December 31, 2018 and 2017, respectively, are subject to local banking laws and may bear higher or lower risk than cash deposited in the United States. As part of our cash and investment management processes, we perform periodic evaluations of the credit standing of the financial institutions and we have not sustained any credit losses from instruments held at these financial institutions. From time to time, our financial instruments maintained in our foreign subsidiaries may be subject to political risks or instability that may arise in foreign countries where we operate.

For the year ended December 31, 2018, no customer accounted for 10% or more of our total revenues. For the year ended December 31, 2017, Indian Railways Catering and Tourism Corporation Limited accounted for 13% of our total revenues and NTT Communications Corporation (NTTCC) accounted for 11% of our revenues.

For the year ended December 31, 2018, four customers each accounted for 10% or more of our total accounts receivable. For the year ended December 31, 2017, four customers each accounted for 10% or more of our total accounts receivable.

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Property and Equipment

Property and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives (generally two years for software, three years for computer equipment and four years for furniture and fixtures). Leasehold improvements are amortized over the lesser of the remaining life of the lease term or their estimated useful lives.

Maintenance and repairs are charged to operations as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in operations in the period realized.

Fair Value of Financial Instruments

We adopted the provisions of ASC 820-10, Fair Value Measurement ("ASC 820-10 "). ASC 820-10 establishes a framework for measuring fair value and requires disclosures about fair value measurements by establishing a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We measure the following financial assets at fair value on a recurring basis. The fair value of these financial assets as of December 31, 2018 and 2017 (in thousands) were as follows

		Fair Value at Reporting Date Using		
	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Cash	$ 1,628	$ 1,628	$ -	$ -
Money market funds	946	946	-	-
Total cash and cash equivalents	$ 2,574	$ 2,574	$ -	$ -

		Fair Value at Reporting Date Using		
	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Cash	$ 4,266	$ 4,266	$ -	$ -
Money market funds	4,294	4,294	-	-
Total cash and cash equivalents	$ 8,560	$ 8,560	$ -	$ -
Fixed income securities				
Corporate bonds - industrial	$ 1,000	$ -	$ 1,000	$ -
Total fixed income securities	$ 1,000	$ -	$ 1,000	$ -

Level 2 securities are priced using quoted market prices for similar instruments, nonbinding market prices that are corroborated by observable market data, or discounted cash flow techniques.

The fair value of cash and cash equivalents, short-term investments, accounts receivable and accounts payable for all periods presented approximates their respective carrying amounts due to the short-term nature of these balances.

Employee Benefit Plans

Amended and Restated 2006 Equity Incentive Plan: At our 2006 annual meeting held on August 8, 2006, our stockholders approved the adoption of our 2006 Equity Incentive Plan (the "Equity Plan"). At that time, our 1996 Equity Incentive Plan (the "Prior Equity Plan") was terminated and replaced by the Equity Plan. On January 21, 2009, our Board of Directors adopted the Amended and Restated BroadVision, Inc. 2006 Equity Incentive Plan (the "Amended and Restated Plan"), which was subsequently approved by our stockholders on April 30, 2009. The Amended and Restated Plan includes an "evergreen" provision that provides for automatic annual increases in the number of shares authorized for issuance. As of December 31, 2018, we had 1,037,306 shares of our Common Stock reserved for issuance under the Amended and Restated Plan. In addition, the number of shares of our common stock available for issuance under the Plan will automatically increase on January 1st of each year for a period of ten years, commencing on January 1, 2010 and ending on (and including) January 1, 2019. Further, our Board of Directors may grant incentive or nonqualified stock options at prices not less than 100% of the fair market value of our Common Stock, as determined by the Board of Directors, at the date of grant. The vesting of individual options may vary but in each case at least 20% of the total number of shares subject to vesting will become exercisable per year. These options generally expire ten years after the grant date.

2000 Non-Officer Plan: In February 2000, we adopted our 2000 Non-Officer Plan under which 106,666 shares of common stock were reserved for issuance to selected employees, consultants, and our affiliates who are not Officers or Directors. As of December 31, 2018, we had 72,625 shares available for issuance under the 2000 Non-Officer Plan. Under the 2000 Non-Officer Plan, we may grant non-statutory stock options at prices not less than 85% of the fair market value of our common stock at the date of grant. Options granted under the 2000 Non-Officer Plan generally vest over two years and are exercisable for not more than ten years.

Employee Stock Purchase Plan: We also have a compensatory Employee Stock Purchase Plan (the "Purchase Plan") that enables employees to purchase, through payroll deductions, shares of our common stock at a discount from the market price of the stock at the time of purchase.

As of December 31, 2018, we had 64,067 shares available for issuance under the Purchase Plan. The Purchase Plan permits eligible employees to purchase common stock with a value equivalent to a percentage of the employee's earnings, not to exceed the lesser of 15% of the employee's earnings or $25,000 under Section 423(b)(8) of the Internal Revenue Code of 1986, at a price equal to the lesser of 85% of the fair market value of the common stock on the date of the offering or the date of purchase. In accordance with ASC 718-10, Compensation – Stock Compensation ("ASC 718-10"), we record stock-based compensation expense related to the fair value of the employee purchase rights in our Consolidated Statements of Comprehensive Loss. During 2018 and 2017, we received a total of $10,000 and $79,000, respectively, primarily from the purchase of shares under the Purchase Plan.

Stock-Based Compensation

Under the fair value recognition provisions of ASC 718-10, share-based compensation cost is estimated at the grant date based on the fair value of the award and is recognized as expense, net of estimated pre-vesting forfeitures, ratably over the vesting period of the award. In addition, the adoption of ASC 718-10 requires additional accounting related to the income tax effects and disclosure regarding the cash flow effects resulting from share-based payment arrangements. Calculating share-based compensation expense requires the input of highly subjective assumptions, including the expected term of the share-based awards, stock price volatility, dividend yield, risk free interest rates, and pre-vesting forfeitures. The assumptions used in calculating the fair value of stock-based awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our share-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected pre-vesting forfeiture rate and only recognize expense for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, our share-based compensation expense could be significantly different from what we have recorded in the current period. The total amount of stock-based compensation expense recognized during the years ended December 31, 2018 and 2017, is as follows (in thousands):

	Years Ended December 31,	
	2018	2017
Cost of services	$ 50	$ 116
Research and development	121	281
Sales and marketing	102	237
General and administrative	81	223
	$ 354	$ 857

We adopted the alternative transition method for calculating the tax effects of stock-based compensation pursuant to ASC 718-10. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool ("APIC pool") related to the tax effects of employee stock-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee stock-based compensation awards that are outstanding upon adoption of ASC 718-10.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model based on assumptions noted in the following table below. The expected term of our options represents the period that our stock-based awards are expected to be outstanding based on the simplified method provided for in SAB 107, as amended by SAB No. 110, Share-Based Payment. Because we do not have sufficient historical exercise data, we used the simplified method for estimating the stock option expected term. The risk-free interest rate for periods related to the expected life of the options is based on the U.S. Treasury yield curve in effect at the time of grant. The expected volatility is based on historical volatilities of our stock over the expected life of the option. The expected dividend yield is zero, as we do not anticipate paying dividends in the near future. There were no new grants of stock options in the years ended December 31, 2018 and 2017.

The following assumptions were used to determine the expense related to the Employee Stock Purchase Plan:

	Years Ended December 31,	
	2018	2017
Expected volatility	76 %	48 %
Weighted average volatility	76 %	48 %
Risk-free interest rate	2 %	1 %
Expected term (in years)	1 year	1 year
Expected dividend yield	-	-

The weighted-average fair value of the purchase rights granted in the years ended December 31, 2018 and 2017, were $0.70 and $1.20, respectively.

Earnings Per Share Information

Basic loss per share is computed using the weighted-average number of shares of common stock outstanding. Diluted net loss per share is computed using the weighted-average number of shares of common stock outstanding and, when dilutive, common equivalent shares from outstanding stock options using the treasury stock method. The following table sets forth the basic and diluted net loss per share computational data for the periods presented (in thousands, except per share amounts):

	Years Ended December 31,	
	2018	2017
Net loss	$ (7,000)	$ (9,899)
Weighted-average common shares outstanding used to compute basic and diluted net loss per share	4,997	4,975
Basic and diluted net loss per share	$ (1.40)	$ (1.99)

Foreign Currency Transactions

The functional currencies of all foreign subsidiaries are the local currencies of the respective countries. Assets and liabilities of these subsidiaries are translated into U.S. dollars at the balance sheet date. Income and expense items are translated at average exchange rates for the period. Foreign exchange gains and losses resulting from the remeasurement of foreign currency assets and liabilities are included as other income, net in the Consolidated Statements of Comprehensive Loss. For the years ended December 31, 2018 and 2017, translation gain was $123,000 and translation loss $591,000, respectively, and is included in other comprehensive loss account in the Consolidated Statements of Stockholders' Equity.

Comprehensive Loss

Comprehensive loss includes net loss and other comprehensive loss, which consist of cumulative translation adjustments. Total accumulated other comprehensive loss is displayed as a separate component of Consolidated Statement of Stockholders' Equity in the accompanying Consolidated Balance Sheets. The accumulated balance of other comprehensive loss, consisting of foreign currency translation adjustment, net of taxes is as follows (in thousands):

	Accumulated Other Comprehensive Loss
Balance, December 31, 2017	$ (1,558)
Foreign currency translation adjustment	123
Balance, December 31, 2018	$ (1,435)

Income Taxes and Deferred Tax Assets

Income taxes are computed using an asset and liability approach in accordance with ASC 740-10, Income Taxes ("ASC 740-10"), which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in our Consolidated Financial Statements or tax returns. The measurement of current and deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, is not expected to be realized.

We analyze our deferred tax assets with regard to potential realization. We have established a valuation allowance on our deferred tax assets to the extent that management has determined that it is more likely than not that some portion or all of the deferred tax asset will not be realized based upon the uncertainty of their realization. We consider the effects of estimated future taxable income, current economic conditions and ongoing prudent and feasible tax planning strategies in assessing the amount of the valuation allowance.

Because we have a full valuation allowance against our U.S. net deferred tax assets, the Tax Cuts and Jobs Act of 2017, or Tax Act, will not materially impact our consolidated balance sheet or consolidated statement of comprehensive loss. See Note 5.

Segment and Geographic Information

We operate in one segment, electronic commerce business solutions. Our CEO is our chief operating decision maker. The CEO reviews financial information presented on a consolidated basis accompanied by disaggregated information about revenues by geographic region and by product for purposes of making operating decisions and assessing financial performance.

Recently issued accounting pronouncements not yet adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which requires the recognition of an asset and liability for lease arrangements longer than twelve months. ASU 2016-02 will be effective for the Company beginning in the first quarter of fiscal 2019. Entities may early adopt the ASU. The ASU requires application at the beginning of the earliest period presented using a modified retrospective approach. The Company does not believe this ASU will have a material impact on its Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326). This ASU requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. ASU 2016-13 is effective for the Company in the first quarter of fiscal 2020. Entities may early adopt the ASU in their fiscal years beginning after December 15, 2018. The Company does not believe this ASU will have a material impact on its Consolidated Financial Statements.

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, Disclosure Update and Simplification, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed. This final rule became effective on November 5, 2018 and allows for the first presentation in the quarter that begins after the effective date. This Release will require additional disclosures in the Company's interim Consolidated Financial Statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (ASU 2018-13), which modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for the Company in the first quarter of fiscal 2020. Early adoption is permitted. The Company does not believe this ASU will have a material impact on its Consolidated Financial Statements.

In August 2018, the FASB issued ASU No. 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement, that Is a Service Contract. ASU 2018-15 clarifies the accounting for implementation costs in cloud computing arrangements. ASU 2018-15 is effective for the Company in the first quarter of fiscal 2020. Early adoption is permitted. The Company is currently assessing the potential impact of adopting this new guidance on its Consolidated Financial Statements.

Recently adopted accounting pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. On January 1, 2018, we adopted ASU 2014-09 applying the modified retrospective method to all contracts that were not completed as of the transition date (See below).

We adopted ASU 2016-09, Stock Compensation, during the first quarter of fiscal 2017. ASU 2016-09 requires entities to record all tax effects related to share-based payments at settlement or expiration through the statements of comprehensive income and the windfall tax benefit to be recorded when it arises, subject to normal valuation allowance considerations. Our excess tax benefits for the year ended December 31, 2017 and the cumulative effect to retained earnings from previously unrecognized excess tax benefits for Federal and state were $2,652,000 and $1,908,000, respectively. Our excess tax benefits for the year ended December 31, 2018 were not significant to our Consolidated Balance Sheets after offset by the related valuation allowance. We analyze our deferred tax assets with regard to potential realization. We have established a valuation allowance on our deferred tax assets to the extent that management has determined, based upon the uncertainty of realizing such deferred tax assets, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. We consider the effects of estimated future taxable income, current economic conditions and ongoing prudent and feasible tax planning strategies in assessing the amount of the valuation allowance.

Presentation requirements for cash flows related to employee taxes paid for withheld shares had no impact to all periods presented as such cash flows have historically been presented as financing activities. Further, we did not elect an accounting policy change to record forfeitures as they occur and thus we continue to estimate forfeitures at each period.

Revenue from Contracts with Customers

On January 1, 2018, we adopted Topic 606 applying the modified retrospective method to all contracts that were not completed as of the transition date. Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the historic accounting under Topic 605. We recorded a net increase of $605,000 to our opening retained earnings balance as of January 1, 2018 due to the cumulative effect of adopting Topic 606. For the year ended December 31, 2018, the impact on the Company’s revenue was significant by type of revenue but was not significant to total revenues as a result of the adoption of Topic 606.

The most significant impact of the new revenue standard relates to our accounting for subscription-based Quicksilver products, which are arrangements that include term-based QuickSilver software licenses bundled with maintenance and support. Under the accounting standards in effect prior to January 1, 2018, we recognized revenue attributable to these software subscription licenses ratably over the term of the arrangement. Under Topic 606, the requirement to have VSOE for undelivered elements to enable the separation of revenue for the delivered software licenses is eliminated. Accordingly, effective January 1, 2018, we began to recognize a portion of the arrangement fees allocated to QuickSilver software license as revenue upon delivery. As a result, revenues for these QuickSilver arrangements are generally recorded in an earlier period upon the adoption of Topic 606 and software license revenue recognition in the year ended December 31, 2018 has decreased. In contrast, revenue recognition related to hosted software products (cloud offerings) and professional services recognition for the year ended December 31, 2018 has increased upon the adoption of Topic 606.

Deferred revenues include unearned revenue and deferred maintenance. The following table shows the reconciliation of our deferred revenues at January 1, 2018, including both current and non-current deferred revenues from what we disclosed in the Form 10-K for the year ended December 31, 2017 and giving effect to our modified retrospective adoption of Topic 606 (in thousands):

Deferred revenues balance at December 31, 2017	$ 2,056
Cumulative effect of adoption of Topic 606	(605)
Deferred revenues balance at January 1, 2018	$ 1,451

In accordance with Topic 606, the disclosure of the impact of adoption to our Consolidated Statement of Comprehensive Loss is as follows (in thousands):

	Year Ended December 31, 2018		
	As reported	Amounts without adoption of Topic 606	Effect of change - higher (lower)
Revenue			
Software licenses	$ 2,783	$ 3,213	$ (430)
Services	2,268	1,737	531
Total revenues	5,051	4,950	101
Gross profit	3,093	2,992	101
Operating loss	(6,844)	(6,945)	101
Net loss	$ (7,000)	$ (7,101)	$ 101
Basic and diluted net loss per share	$ (1.40)	$ (1.42)	$ (0.02)

In accordance with Topic 606, the disclosure of the impact of adoption to our Consolidated Balance Sheet is as follows. Deferred revenues includes unearned revenue and deferred maintenance. (in thousands):

	December 31, 2018		
	As reported	Amounts without adoption of Topic 606	Effect of change - higher (lower)
Liabilities			
Deferred revenues - current	$ 786	132	654
Deferred revenues - non-current	142	90	52
Stockholders' Equity			
Accumulated deficit	$ (1,269,113)	(1,268,407)	(706)

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Disaggregation of revenues

The following table provides information about disaggregated revenue by geographical region, major product line and timing of revenue recognition (in thousands):

	Year Ended December 31, 2018				
Geographic region:	Software Licenses - Non-hosted	Software Licenses - Hosted	Maintenance	Professional Services	Total
Americas	$ 1,465	$ 247	$ 844	$ 26	$ 2,582
Europe	289	65	715	71	1,140
Asia/Pacific	11	706	236	376	1,329
Total revenues	$ 1,765	$ 1,018	$ 1,795	$ 473	$ 5,051

	Year Ended December 31, 2018				
Timing of revenue recognition:	Software Licenses - Non-hosted	Software Licenses - Hosted	Maintenance	Professional Services	Total
Transferred at a point in time	$ 1,765	$ -	$ -	$ -	$ 1,765
Transferred over time		1,018	1,795	473	3,286
Total revenues	$ 1,765	$ 1,018	$ 1,795	$ 473	$ 5,051

Contract balances

The following table provides information about receivables, contract assets and deferred revenues from contracts with customers. Deferred revenues include unearned revenue and deferred maintenance (in thousands):

	Year Ended December 31, 2018			
	Balance at beginning of period	Increases	Decreases	Balance at end of period
Receivables	$ 1,193	$ 5,216	$ 5,933	$ 476
Contract assets - current	-	38	38	-

Deferred revenues-current and non-current	1,451	3,936	4,459	928

We receive payments from customers based upon contractual billing schedules; accounts receivables are recorded when the right to consideration becomes unconditional. Contract assets include amounts related to our contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenues include payments received in advance of performance under the contract and are realized with the associated revenue recognized under the contract, which is generally within a year. Increases to deferred revenues were mainly a result of additional upfront payments received during the period, whereas decreases to deferred revenues were due to performance obligations satisfied.

Note 2---Property and Equipment

Property and equipment consisted of the following (in thousands):

	December 31, 2018	December 31, 2017
Furniture and fixtures	$ 19	$ 169
Computer and software	2,056	2,169
Leasehold improvements	6	179
Total property and equipment	2,081	2,517
Less accumulated depreciation and amortization	(2,066)	(2,482)
Property and equipment, net	$ 15	$ 35

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was $22,000 and $32,000, respectively. We retired $433,000 and $23,000 in fully depreciated property and equipment in 2018 and 2017, respectively.

Note 3---Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	December 31, 2018	December 31, 2017
Employee benefits	$ 409	$ 518
Income tax	24	25
Sales and other taxes	287	319
Commissions and bonuses	18	224
Deferred rent	-	57
Other	109	515
Total accrued expenses	$ 847	$ 1,658

Note 4---Other Non-Current Liabilities

Other non-current liabilities consist of the following (in thousands):

	December 31,	
	2018	2017
Deferred maintenance and unearned revenue	$ 141	$ 61
Other	422	522
Total other non-current liabilities	$ 563	$ 583

Note 5---Income Taxes

Losses before income taxes are as follows (in thousands):

	Years Ended December 31,	
	2018	2017
Domestic	$ (6,364)	$ (8,670)
Foreign	(667)	(1,341)
Loss before income taxes	$ (7,031)	$ (10,011)

The components of benefit for income taxes are as follows (in thousands):

	Years Ended December 31,	
	2018	2017
Current:		
Federal	$ 41	$ 123
State	(1)	(3)
Foreign	(9)	(8)
Total current	31	112
Deferred:		
Federal	730	(78,619)
State	343	731
Foreign	(253)	119
Total deferred	820	(77,769)
Valuation allowance	(820)	77,769
Benefit for income taxes	$ 31	$ 112

The differences between the benefit for income taxes computed at the federal statutory rate of 21% and our actual income tax expense for the periods presented are as follows (in thousands):

	Years Ended December 31,	
	2018	2017
Expected income tax benefit	$ 1,477	$ 3,504
Expected state income taxes expense, net of federal tax benefit	267	470
Research and development credit	161	166
Foreign taxes and foreign loss not benefited	(401)	(347)
Change in valuation allowance	(820)	77,769
Stock-based compensation	(353)	(252)
True-ups	(266)	821
Intraperiod tax allocation	41	
Unrealized tax benefits	(5)	(15)
Federal tax rate change	-	(81,939)
Others	(70)	(65)
Benefit for income taxes	$ 31	$ 112

Federal tax rate change was due to the reduction of federal tax rate from 35% to 21% under the new Tax Act.

The individual components of our deferred tax assets are as follows (in thousands):

	Years Ended December 31,	
	2018	2017
Deferred tax assets:		
Depreciation and amortization	$ 3	$ 45
Accrued, allowance and others	1,521	1,866
Net operating losses	131,170	130,003
Tax credits	9,596	9,556
Total deferred tax assets	142,290	141,470
Less: valuation allowance	(142,290)	(141,470)
Net deferred tax assets	$ -	$ -

We have provided a full valuation allowance for all of our deferred tax assets as of December 31, 2018 and 2017, due to the uncertainty regarding their future realization. The total valuation allowance increased $820,000 from December 31, 2017 to December 31, 2018.

As of December 31, 2018, we had federal and state net operating loss ("NOL") carryforwards of approximately $591,804,000 and $39,641,000 available to offset future regular taxable income. Federal losses arising in tax years ending after 2017 can be indefinitely carried forward. Loss arising in taxable years beginning after December 31, 2017 is limited to 80% of taxable income. Our federal net operating loss carryforwards expire in various years from 2019 through 2037, if not used. The state net operating loss carryforwards expire in various years from 2029 to 2038, if not used.

Due to the projected loss for the year with a full valuation allowance against its deferred tax assets, there is no tax impact for 2017 and 2018. As of December 31, 2018, we had federal and state research and development credit carryforwards of approximately $7,251,000 and $6,349,000, respectively, available to offset future tax liabilities. The federal tax credit carryforwards expire in the tax years from 2019 through 2038, if not utilized. The state research and development credits can be carried forward indefinitely.

Federal and state tax laws impose substantial restrictions on the utilization of net operating loss and credit carryforwards in the event of an "ownership change" for tax purposes, as defined in IRC Section 382. Based on a high-level ownership change analysis performed each year, management concluded that there were no ownership changes through December 31, 2018.

We follow the provision of ASC 740-10-25, Income Taxes: Recognition ("ASC 740-10-25"). Our total amount of unrecognized tax benefits as of December 31, 2018 and 2017 were $3,128,000 and $3,022,000, respectively. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate were $160,000 and $160,000 as of December 31, 2018 and 2017, respectively.

We recognize interest and penalties accrued related to unrecognized tax benefits in our provision for income taxes. During the years ended December 31, 2018 and 2017, respectively, we did not recognize any interest and penalties.

A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits for the years ended December 31, 2018 and 2017 is as follows (in thousands):

Balance at January 1, 2017	$ 2,880
Additions based on tax provisions related to the current year	150
Additions for tax provisions of prior year	-
Lapse of the statute of limitation	(8)
Balance at December 31, 2017	3,022
Additions based on tax provisions related to the current year	116
Additions for tax provisions of prior year	-
Lapse of the statute of limitation	(10)
Balance at December 31, 2018	$ 3,128

We are subject to taxation in the United States and various foreign jurisdictions. Our tax years 1999 and forward remain open in several jurisdictions due to the NOL carryforward from those tax years.

It is possible that the amount of our liability for unrecognized tax benefits may change within the next 12 months. However, an estimate of the range of possible changes cannot be made at this time.

U.S. Tax Reform

On December 22, 2017, the Tax Cuts and Job Act (“TCJA”) was signed into law. The TCJA makes broad and significantly complex changes to the U.S. corporate income tax system, including reducing the U.S. federal corporate income tax rate from 35% to 21%, transitioning the former U.S. international taxation model to a territorial tax system, and imposing a one-time deemed repatriation transition tax, payable over eight years, on accumulated earning of foreign subsidiaries. The Company is required to recognize the effect of tax law changes in the period of enactment, such as determining the repatriation transition tax, remeasuring U.S. deferred tax assets and liabilities, as well as assessing the impact of the TCJA on the realizability of deferred tax assets and liabilities. Given the significant changes resulting from, and complexities associated with, the Act, the estimated financial impact for implementing the TCJA were provisional and subject to further analysis, interpretation and clarification of the TCJA, which did result in changes to these estimates during 2018.

In accordance with Accounting Standards Update No. 2018-05, Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118, the Company recorded provisional adjustments in the year ended December 31, 2017 related to the TCJA for certain elements in which accounting had not been completed but reasonable estimates had been made. Provisional amounts related to the TCJA were subject to change during a measurement period not to extend beyond one year from the enactment date. All tax reform adjustments are complete and have been included in the financial statements as of December 31, 2018. The remeasurement of estimates resulted in a reduction of deferred tax assets of $81,939,000 for the year ended December 31, 2017. Because the Company had a full valuation allowance on its net deferred tax assets, the remeasurement did not have an impact on the Company's consolidated financial statements.

TCJA also includes a new Code Sec. 951A, which requires a United States shareholder ("U.S. shareholder") of any controlled foreign corporation ("CFC") for any taxable year to include in gross income the shareholder's global intangible low-taxed income ("GILTI") for such taxable year. Section 14201(d) of the Act provides that section 951A applies to taxable years of foreign corporations beginning after December 31, 2017, and to taxable years of U.S. shareholders in which or with which such taxable years of foreign corporations end. The proposed regulations under section 951A requires U.S. shareholders of CFCs to include in gross income the shareholder's GILTI for years in which they are U.S. shareholders of CFCs for tax years of CFCs beginning after December 31, 2017. The Company did not have net global intangible low-taxed income for the year ended December 31, 2018.

Note 6---Commitments and Contingencies

Warranties and Indemnification

We provide a warranty to our perpetual license customers that our software will perform substantially in accordance with the documentation we provide with the software, typically for a period of 90 days following receipt of the software. Historically, costs related to these warranties have been immaterial. Accordingly, we have not recorded any warranty liabilities as of December 31, 2018 and 2017, respectively.

Our perpetual software license agreements typically provide for indemnification of customers for intellectual property infringement claims caused by use of a current release of our software consistent with the terms of the license agreement. The term of these indemnification clauses is generally perpetual. The potential future payments we could be required to make under these indemnification clauses is generally limited to the amount the customer paid for the software. Historically, costs related to these indemnification provisions have been immaterial. We also maintain liability insurance that limits our exposure. As a result, we believe the potential liability of these indemnification clauses is minimal. We rarely have litigation initiated against us by customers.

We entered into agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer is, or was, serving in such capacity. The term of the indemnification period is for so long as such officer or director is subject to an indemnifiable event by reason of the fact that such person was serving in such capacity. The maximum potential amount of future payments we could be required to make under these indemnification agreements may be unlimited; however, we have a director and officer insurance policy that limits our exposure and enables us to recover a portion of any future amounts paid. As a result of our insurance policy coverage, we believe the estimated fair value of these indemnification agreements is insignificant. Accordingly, we have no liabilities recorded for these agreements as of December 31, 2018 and 2017. We assess the need for an indemnification reserve on a quarterly basis and there can be no guarantee that an indemnification reserve will not become necessary in the future.

Leases

We lease our headquarters facility and our other facilities under noncancelable operating lease agreements expiring through the year 2020. Under the terms of the agreements, we are required to pay property taxes, insurance and normal maintenance costs.

A summary of total future minimum lease payments under noncancelable operating lease agreements is as follows (in thousands):

	Operating Leases
Years ending December 31,	
2019	141
2020	45
Total minimum lease payments	$ 186

Rent expense for the years ended December 31, 2018 and 2017, was $737,000 and $1,300,000, respectively.

Legal Proceedings

We are subject from time to time to various legal actions and other claims arising in the ordinary course of business. We are not presently a party to any material legal proceedings.

Note 7---Stockholders' Equity

Convertible Preferred Stock

As of December 31, 2018, there were no outstanding shares of convertible preferred stock. Our Board of Directors and our stockholders have authorized 1,000,000 shares of convertible preferred stock that are available for issuance.

Common Stock

As of December 31, 2018, we had reserved 744,793 common shares for future issuance upon the exercise of stock options.

	Year Ended December 31, 2018			
	Options (000's)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at beginning of year	593	$ 8.51		
Granted	-	$ -		
Exercised	-	$ -		$ -
Forfeited	(11)	$ 6.44		
Expired	(290)	$ 8.84		
Outstanding at end of year	292	$ 8.26	4.88	$ -
Options exercisable at end of year	288	$ 8.31	4.83	$ -
Options vested and expected to vest at end of year	292	$ 8.27	0.01	$ -

There were no options granted under our stock plans during the year ended December31, 2018. The weighted-average fair market value per share of options granted under our stock option plans during the year ended December 31, 2017 was $2.90.

We granted 56,388 shares of restricted stock to the non-employee members of our Board of Directors during the year ended December 31, 2018 and recorded a stock-based compensation expense of $35,000. We granted 15,292 shares of restricted stock to the non-employee members of our Board of Directors and Board of Directors' advisor during the year ended December 31, 2017, and recorded a stock-based compensation expense of $79,000. The restricted stock of our Board of Directors will vest over a one-year period measured from the date of the annual meeting of stockholders with one quarter of the shares included in such Director Grant vesting on each of the dates that are three months, six months, nine months and twelve months from the annual meeting, so long as each board member continues to serve as a member of our board of directors on such vesting date.

As of December 31, 2018, total unrecognized compensation cost related to unvested stock options was $361,000, which is expected to be recognized over the remaining weighted-average vesting period of 1 year. During the years ended December 31, 2018 and 2017, we received cash of $10,000 and $79,000, respectively, from employee stock purchases and exercises of stock options.

Note 8---Geographic, Segment and Significant Customer Information

We operate in one segment: electronic business solutions. Our reportable segment includes our facilities in North and South America (Americas), Europe and Asia Pacific and the Middle East (Asia/Pacific). Our chief operating decision maker is considered to be the CEO. The CEO reviews financial information presented on a consolidated basis accompanied by disaggregated information about revenues by geographic region and by product for purposes of making operating decisions and assessing financial performance. The disaggregated revenue information reviewed by the CEO is as follows (in thousands):

	Years Ended December 31,	
	2018	2017
Software licenses	$ 2,783	$ 3,467
Consulting services	473	1,230
Maintenance	1,795	1,660
Total revenues	$ 5,051	$ 6,357

We sell our products and provide global services through a direct sales force and through a channel of independent distributors, value-added resellers ("VARs") and Application Service Providers ("ASPs"). In addition, the sales of our products are promoted through independent professional consulting organizations known as systems integrators ("SIs"). We provide global services through our BroadVision Global Services organization and indirectly through distributors, VARs, ASPs, and SIs. We currently operate in three primary geographical territories.

Disaggregated financial information regarding our product and service revenues by geographic region is as follows (in thousands):

	Years Ended December 31,	
	2018	2017
Americas	$ 2,582	$ 3,019
Europe	1,140	1,132

Asia/Pacific	1,329	2,206
Total revenues	$ 5,051	$ 6,357

Note 9---Related Party Transactions

On November 14, 2008, BroadVision (Delaware) LLC, a Delaware limited liability company (“BVD”), which was then our wholly owned subsidiary, entered into a Share Purchase Agreement with CHRM LLC, a Delaware limited liability company, that is controlled by Dr. Pehong Chen, our CEO and largest stockholder. We and CHRM LLC then entered into an Amended and Restated Operating Agreement of BroadVision (Delaware) LLC dated as of November 14, 2008 (the “BVD Operating Agreement”). Under these agreements, CHRM LLC received, in exchange for the assignment of certain intellectual property rights, 20Class B Shares of BVD, representing the right to receive a portion of any distribution of Funds from “Capital Transactions” (as such term is defined in the BVD Operating Agreement), with the exact amount to be determined based on our and CHRM LLC’s capital account balances at the time of such distribution. A “capital transaction” under that agreement is any merger or sale of substantially all of the assets of BVD as a result of which the members of BVD will no longer have an interest in BVD or the assets of BVD will be distributed to its members. Class B Shares do not participate in any profits of BVD except for net profits related to a “capital transaction,” in which case the net profits are allocated to the owners of Class A and Class B Shares in proportion to their respective number of shares. To the extent BVD’s losses do not exceed undistributed net profits accumulated since the date of issuance of Class B Shares, such losses are allocated to Class A Shares. To the extent net losses exceed the undistributed net profits accumulated since the date of issuance of Class B Shares, such excess is allocated to the owners of Class A and Class B Shares in proportion to their respective cumulative capital contributions less any return of capital, until allocation of such losses results in having the capital account balances equal to zero. Then, net losses are allocated to the owners of Class A and Class B Shares in proportion to their respective number of shares. Upon liquidation the net assets of BVD are distributed to the owners of Class A and Class B in proportion to their capital account balances.

BVD is the sole owner of BroadVision (Barbados) Limited (“BVB”) and BVB is the sole owner of BroadVision On Demand, a Chinese entity (“BVOD”). We have invested approximately $9.0 million in BVOD (directly and through BVD and BVB). In 2014, we began making payments directly to BVOD for certain labor outsourcing services and expect to continue to pay BVOD for such services at the rate of approximately $550,000 per quarter for the foreseeable future. We made aggregate payments to BVOD of $1.8 million and $2.3 million (based on the RMB to USD exchange rates on the applicable dates of payment) for such services in the years ended December 31, 2018 and 2017, respectively. These payments in part covered services rendered outside of the applicable twelve month periods. We have a controlling voting interest in BVD. Pursuant to the terms of the BVD Operating Agreement, the Class B Shares held by CHRM LLC have no voting rights.

The 20 Class B Shares of BVD represent a non-controlling interest. We allocate profits and losses of BVD to the non-controlling interest under the Hypothetical Liquidation Book Value (“HLBV”) method. Under this method the profits and losses are allocated by reference to the profit sharing provisions in the BVD Operating Agreement assuming liquidation of BVD at its book value at the end of each reporting period. Profits and losses allocated to the balance of such interest under the HLBV method have not been material.

Note 10---Employee Benefit Plan

We provide for a defined contribution employee retirement plan in accordance with section 401(k) of the Internal Revenue Code. Eligible employees are entitled to contribute up to the lower of 100% of their compensation or the IRS annual maximum. The Plan allows for discretionary contributions by us. As of July 1, 2011, we started a discretionary matching contribution. The amount is equal to a percentage determined annually by our management for the contribution period. Employees will be eligible for the match after 12 months of service and after completing 1,000 hours of work during the plan year. Employees must be employed on the last business day of the plan year to be eligible for the match. We have funded $22,000 and $57,000 for the years ended December 31, 2018 and 2017, respectively.

Note 11---Subsequent Events

VMSO Financing

On January 2, 2019, the Company entered into a Series A Preferred Stock Purchase Agreement with Vmoso, Inc., a Delaware corporation (“VMSO”), for the purchase of 745,000 shares of VMSO’s Series A Preferred Stock for a purchase price comprising the contribution of the Company’s intellectual property and other assets valued by the Company’s Board of Directors at $745,000. The contributed assets represent substantially all of the intellectual property and other assets relating to the Company's Clearvale and Vmoso platforms, including the Company's current Clearvale and Vmoso products and the Company's My Vmoso Network ("MVN") development project. VMSO will continue the commercialization of the Clearvale and Vmoso products and the development of MVN.

Following the completion of VMSO's sale of Class 1 Common Stock described below, the shares of Series A Preferred Stock owned by the Company represent approximately 19.9% of the total number of shares of VMSO's capital stock outstanding. The rights, preferences and privileges of VMSO's Series A Preferred Stock include a liquidation preference of $1.00 per share.

On January 2, 2019, Dr. Pehong Chen, the Company's and VMSO's President and Chief Executive Officer and the Company's largest stockholder, purchased 3,000,000 shares of VSMO's Class 1 Common Stock, representing approximately 80.1% of the total number of shares of VMSO's capital stock outstanding after such purchase, for a purchase price of $3,000,000 in cash pursuant to a Class 1 Common Stock Purchase Agreement between Dr. Chen and VMSO. As a result of this financing, VMSO now holds all of the intellectual property and other assets related to the Company's Clearvale and Vmoso platforms, which significantly reduces the Company's exposure to future development and commercialization cost of Clearvale, Vmoso and MVN

On January 2, 2019, the Company entered into a Services and Facilities Agreement (the "Intercompany Agreement"), with VMSO, the terms of which provide for the payment of certain fees to the Company by VMSO, in exchange for the contribution of the Company's expertise, resources, services, as well as the limited use of our facilities in VMSO's business and operations. The Intercompany Agreement became effective as of January 1, 2019 and shall continue for a period of one year, unless earlier terminated, and shall be renewable upon written consent from both parties. The Company and VMSO anticipate that, pursuant to the Intercompany Agreement, the Company will provide substantially all of the personnel, facilities and equipment required for VMSO's operations for the foreseeable future. The fees contemplated by the Intercompany Agreement are generally intended to permit the Company to recover the cost to the Company of providing these personnel, facilities, and equipment.

Since Dr. Chen is both the Company's President, Chief Executive Officer, Interim Chief Financial Officer and the Company's largest stockholder, as well as the President and Chief Executive Officer and majority stockholder of VMSO, the Company is deemed under common control with VMSO and will treat VMSO as a consolidated variable interest entity and will consolidate its financial results with the Company's commencing with the first quarter of 2019.

Equity Plan

On January 21, 2019, the Company’s Equity Plan expired and no further grants may be made under the plan after such date

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). 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 generally accepted accounting principles. 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.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Interim Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013. Based on our evaluation, we concluded that our internal control over financial reporting was effective as of December 31, 2018.

Evaluation of Disclosure Controls and Procedures

An evaluation as of December 31, 2018, was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Interim Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon that evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2018, to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

As a result of being a smaller reporting company, we are not required to provide an attestation report of our registered public accounting firm regarding our internal control over financial reporting. We have elected to not include such an attestation report in this annual report, which election was approved by the Audit Committee of our Board of Directors.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference to sections of our Definitive Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the 2019 Annual Meeting of Stockholders (the “Proxy Statement”) or will be filed as an amendment to this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the Proxy Statement or will be filed as an amendment to this Annual Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference to the Proxy Statement or will be filed as an amendment to this Annual Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference to the Proxy Statement or will be filed as an amendment to this Annual Report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference to the Proxy Statement or will be filed as an amendment to this Annual Report.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Report.

1. Consolidated Financial Statements. The following Consolidated Financial Statements are included at Part II, Item 8, of this Annual Report on Form 10-K

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2018 and 2017

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2018 and 2017

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2018 and 2017

Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017

Notes to Consolidated Financial Statements

2. Financial Statement Schedule. Attached to this Annual Report on Form 10-K.

Schedule II---Valuation and Qualifying Accounts

3. Exhibits. The exhibits listed below are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

Exhibit Description

3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.3 to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed on May 29, 1996 (File No. 333-03844)).
3.2	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 4.6 to the Company's Form 10-K for the fiscal year ended December 31, 2006 filed on March 27, 2007 (File No. 000-28252)).
3.3	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, filed on November 6, 2008 (File No. 000-28252)).
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 16, 2008 (File No. 000-28252)).
4.1	References are hereby made to Exhibits 3.1 to 3.4.
4.2	Registration Rights Agreement, dated November 10, 2004, among the Company and certain investors listed on Exhibit A thereto (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-1 filed on December 20, 2004 (File No. 333-121430)).
4.3(a)	Registration Rights Agreement, dated March 8, 2006, between the Company and Honu Holdings LLC (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K filed on June 9, 2006 (File No. 000-28252)).
10.1(a)	Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed on November 8, 2013 (File No. 333-192224)).
10.2(a)	BroadVision, Inc. Severance Benefit Plan, as amended, effective October 21, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 27, 2009 (File No. 001-34205)).
10.3(a)	2000 Non-Officer Equity Incentive Plan, as amended (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed on October 15, 2003 (File No. 333-109709)).
10.4(a)	Form of Indemnity Agreement between the Company and each of its directors and executive officers (incorporated by reference to Exhibit 10.33 to the Company's Form 10-Q for the quarter ended September 30, 2002 filed on November 14, 2002 (File No. 000-28252)).
10.5	Securities Purchase Agreement, dated as of November 10, 2004, by and among the Company and the investors listed on Exhibit A thereto (incorporated by reference to Exhibit 10.45 to the Company's Current Report on Form 8-K filed on November 10, 2004 (File No. 000-28252)).
10.6(a)	Debt Conversion Agreement, dated as of December 20, 2005, between the Company and Honu Holdings, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 22, 2005 (File No. 000-28252)).
10.7	Share Purchase Agreement, dated November 14, 2008, between BroadVision (Delaware) LLC and CHRM LLC (incorporated by reference to Exhibit 10.1to the Company’s Current Report on Form 8-K filed on November 18, 2008 (File No. 001-34205)).
10.8(a)	Amended and Restated 2006 Equity Incentive Plan, as amended (the "Amended and Restated Plan") (incorporated by reference to Exhibit 99.1 to the Company’s Registration Statement on Form S-8 filed on May 8, 2009 (File No. 333-159075)).
10.9(a)	Form of Restricted Stock Bonus Agreement under the Amended and Restated Plan (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on March 30, 2007 (File No. 000-28252)).
10.10(a)	Form of Option Grant Notice under the Amended and Restated Plan under the Amended and Restated 2006 Equity Incentive Plan (incorporated by reference to Exhibit 99.2 to the Company’s Registration Statement on Form S-8 filed on November 6, 2006 (File No. 333-138461)).
10.11	Lease Agreement, dated April 18, 2012, between the Company and VII PAC SHORES INVESTORS, L.L.C (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on April 20, 2012 (File No. 001-34205)).
10.12	First Amendment to Lease Agreement dated September 4, 2014 between BroadVision Inc. and VII Pac Shores Investors, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 15, 2014 (File No. 001-34205)).
10.13(a)	

	Amended and Restated Operating Agreement of Broadvision (Delaware) LLC, dated November 14, 2008 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on November 18, 2008 (File No. 001-34205)).
10.14	Lease Agreement, dated March 30, 2018, between Portside Investors and the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 14, 2018 (File No. 001-34205)).
10.15	Series A Preferred Stock Purchase Agreement dated January 2, 2019 by and between the Company and Vmoso, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 3, 2019 (File No. 001-34205)).

10.16(a)	Class 1 Common Stock Purchase Agreement dated January 2, 2019 by and between Dr. Pehong Chen and Vmoso, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 3, 2019 (File No. 001-34205)).
10.17	Services and Facilities Agreement dated January 2, 2019, effective as of January 1, 2019, by and between BroadVision, Inc. and Vmoso, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 3, 2019 (File No. 001-34205)).
21.1	Subsidiaries of the Company.
23.1	Consent of OUM & Co. LLP, an independent registered public accounting firm.
24.1	Power of Attorney, pursuant to which amendments to this Annual Report on Form 10-K may be filed, is included on the signature pages hereto.
31.1	Certification of the Chief Executive Officer and Interim Chief Financial Officer of the Company pursuant to Exchange Act Rule13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Interim Chief Financial Officer of the Company pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance
101.SCH	XBRLTaxonomy Extension Schema
101.CAL	XBRLTaxonomy Extension Calculation
101.LAB	XBRLTaxonomy Extension Labels
101.PRE	XBRLTaxonomy Extension Presentations
101.DEF	XBRLTaxonomy Extension Definition

(a) Represents a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Redwood City, State of California, on this 1st day of April, 2019.

BROADVISION, INC.

By: /s/ PEHONG CHEN
Pehong Chen
Chief Executive
Officer and Interim
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Pehong Chen to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that the said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Pehong Chen		April 1, 2019
Pehong Chen	Chairman of the Board, President, Chief Executive Officer and Interim Chief Financial Officer (Principal Executive, Financial and Accounting Officer)	
/s/ François Stieger		April 1, 2019
François Stieger	Director	

/s/ James D. Dixon James D. Dixon	Director	April 1, 2019
/s/ Robert Lee Robert Lee	Director	April 1, 2019

BROADVISION, INC. AND SUBSIDIARIES

SCHEDULE II---VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

	Balance at Beginning of Period	Charged (Credited) to Costs and Expenses	Deductions(1)	Balance at End of Period
Receivable reserves:				
Year Ended December 31, 2018	$ 293	$ -	$ (100)	$ 193
Year Ended December 31, 2017	$ 167	$ 126	$ -	$ 293

(1) Represents net charge-offs of specific receivables.