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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

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

For the transition period from to

Commission File No. 000-33043

OMNICELL, INC.

(Exact name of registrant as specified in its charter)

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

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

(650) 251-6100

(Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, $0.001 par value	OMCL	NASDAQ Global Select Market

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 o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No o

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 transitions period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of July 24, 2020, there were 42,763,115 shares of the registrant's common stock, $0.001 par value, outstanding.

OMNICELL, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

OMNICELL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2020	December 31, 2019
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 133,583	$ 127,210
Accounts receivable and unbilled receivables, net of allowances of $3,204 and $3,227, respectively	188,918	218,362
Inventories	114,245	108,011
Prepaid expenses	13,297	14,478
Other current assets	15,122	15,177
Total current assets	465,165	483,238
Property and equipment, net	57,866	54,246
Long-term investment in sales-type leases, net	20,961	19,750
Operating lease right-of-use assets	52,537	56,130
Goodwill	335,034	336,539
Intangible assets, net	115,710	124,867
Long-term deferred tax assets	14,154	14,142
Prepaid commissions	44,822	48,862
Other long-term assets	116,197	103,036
Total assets	$ 1,222,446	$ 1,240,810
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 34,587	$ 46,380
Accrued compensation	41,057	44,155
Accrued liabilities	52,979	55,567
Deferred revenues, net	107,940	90,894
Total current liabilities	236,563	236,996
Long-term deferred revenues	6,101	7,083
Long-term deferred tax liabilities	29,561	39,090
Long-term operating lease liabilities	46,690	50,669
Other long-term liabilities	16,070	11,718
Long-term debt	—	50,000
Total liabilities	334,985	395,556
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $0.001 par value, 5,000 shares authorized; no shares issued	—	—
Common stock, $0.001 par value, 100,000 shares authorized; 51,902 and 51,277 shares issued; 42,757 and 42,132 shares outstanding, respectively	52	51
Treasury stock at cost, 9,145 shares outstanding, respectively	(185,074)	(185,074)
Additional paid-in capital	820,632	780,931
Retained earnings	265,540	258,792
Accumulated other comprehensive loss	(13,689)	(9,446)
Total stockholders' equity	887,461	845,254
Total liabilities and stockholders' equity	$ 1,222,446	$ 1,240,810

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

OMNICELL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands, except per share data)			
Revenues:				
Product revenues	$ 138,942	$ 158,379	$ 309,015	$ 303,989
Services and other revenues	60,679	59,034	120,292	115,941
Total revenues	199,621	217,413	429,307	419,930
Cost of revenues:				
Cost of product revenues	85,779	84,583	176,051	163,394
Cost of services and other revenues	30,617	28,785	60,409	55,374
Total cost of revenues	116,396	113,368	236,460	218,768
Gross profit	83,225	104,045	192,847	201,162
Operating expenses:				
Research and development	20,830	16,848	39,482	32,926
Selling, general, and administrative	69,386	68,434	148,205	136,712
Total operating expenses	90,216	85,282	187,687	169,638
Income (loss) from operations	(6,991)	18,763	5,160	31,524
Interest and other income (expense), net	174	(1,629)	(648)	(3,039)
Income (loss) before provision for income taxes	(6,817)	17,134	4,512	28,485
Provision for (benefit from) income taxes	(2,518)	1,158	(2,500)	9,225
Net income (loss)	$ (4,299)	$ 15,976	$ 7,012	$ 19,260
Net income (loss) per share:				
Basic	$ (0.10)	$ 0.39	$ 0.16	$ 0.47
Diluted	$ (0.10)	$ 0.37	$ 0.16	$ 0.45
Weighted-average shares outstanding:				
Basic	42,659	41,371	42,509	41,033
Diluted	42,659	42,945	43,616	42,646

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

OMNICELL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Net income (loss)	$ (4,299)	$ 15,976	$ 7,012	$ 19,260
Other comprehensive income (loss), net of reclassification adjustments and taxes:				
Unrealized losses on interest rate swap contracts	—	(103)	—	(420)
Foreign currency translation adjustments	451	(971)	(4,243)	(302)
Other comprehensive income (loss)	451	(1,074)	(4,243)	(722)
Comprehensive income (loss)	$ (3,848)	$ 14,902	$ 2,769	$ 18,538

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

OMNICELL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount	Shares	Amount				
					(In thousands)			
Balances as of December 31, 2019	51,277	$ 51	(9,145)	$ (185,074)	$ 780,931	$ 258,792	$ (9,446)	$ 845,254
Net income	—	—	—	—	—	11,311	—	11,311
Other comprehensive loss	—	—	—	—	—	—	(4,694)	(4,694)
Share-based compensation	—	—	—	—	10,659	—	—	10,659
Issuance of common stock under employee stock plans	474	1	—	—	17,658	—	—	17,659
Tax payments related to restricted stock units	—	—	—	—	(1,425)	—	—	(1,425)
Cumulative effect of a change in accounting principle related to credit losses	—	—	—	—	—	(264)	—	(264)
Balances as of March 31, 2020	51,751	52	(9,145)	(185,074)	807,823	269,839	(14,140)	878,500
Net loss	—	—	—	—	—	(4,299)	—	(4,299)
Other comprehensive income	—	—	—	—	—	—	451	451
Share-based compensation	—	—	—	—	11,351	—	—	11,351
Issuance of common stock under employee stock plans	151	—	—	—	3,503	—	—	3,503
Tax payments related to restricted stock units	—	—	—	—	(2,045)	—	—	(2,045)
Balances as of June 30, 2020	51,902	$ 52	(9,145)	$ (185,074)	$ 820,632	$ 265,540	$ (13,689)	$ 887,461

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

OMNICELL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount	Shares	Amount				
					(In thousands)			
Balances as of December 31, 2018	49,480	$ 50	(9,145)	$ (185,074)	$ 678,041	$ 197,454	$ (10,854)	$ 679,617
Net income	—	—	—	—	—	3,284	—	3,284
Other comprehensive income	—	—	—	—	—	—	352	352
At the market equity offering, net of costs	243	—	—	—	20,216	—	—	20,216
Share-based compensation	—	—	—	—	8,410	—	—	8,410
Issuance of common stock under employee stock plans	628	—	—	—	20,526	—	—	20,526
Tax payments related to restricted stock units	—	—	—	—	(1,920)	—	—	(1,920)
Balances as of March 31, 2019	50,351	50	(9,145)	(185,074)	725,273	200,738	(10,502)	730,485
Net income	—	—	—	—	—	15,976	—	15,976
Other comprehensive loss	—	—	—	—	—	—	(1,074)	(1,074)
At the market equity offering, net of costs	217	—	—	—	17,590	—	—	17,590
Share-based compensation	—	—	—	—	8,260	—	—	8,260
Issuance of common stock under employee stock plans	216	1	—	—	4,806	—	—	4,807
Tax payments related to restricted stock units	—	—	—	—	(2,802)	—	—	(2,802)
Balances as of June 30, 2019	50,784	$ 51	(9,145)	$ (185,074)	$ 753,127	$ 216,714	$ (11,576)	$ 773,242

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

OMNICELL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2020	2019
	(In thousands)	
Operating Activities		
Net income	$ 7,012	$ 19,260
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,779	25,874
Loss on disposal of property and equipment	—	399
Share-based compensation expense	22,010	16,670
Deferred income taxes	(9,409)	3,810
Amortization of operating lease right-of-use assets	5,157	5,226
Amortization of debt issuance costs	482	1,145
Changes in operating assets and liabilities:		
Accounts receivable and unbilled receivables	28,236	(9,244)
Inventories	(7,271)	(4,466)
Prepaid expenses	1,181	1,021
Other current assets	219	(830)
Investment in sales-type leases	(1,375)	(4,412)
Prepaid commissions	4,040	1,536
Other long-term assets	(4,580)	3,061
Accounts payable	(11,254)	2,066
Accrued compensation	(3,098)	(8,041)
Accrued liabilities	(2,824)	1,810
Deferred revenues	16,264	253
Operating lease liabilities	(5,186)	(5,269)
Other long-term liabilities	4,352	3,891
Net cash provided by operating activities	72,735	53,760
Investing Activities		
Software development for external use	(20,002)	(22,581)
Purchases of property and equipment	(13,211)	(9,369)
Net cash used in investing activities	(33,213)	(31,950)
Financing Activities		
Repayment of debt and revolving credit facility	(50,000)	(60,000)
At the market equity offering, net of offering costs	—	37,806
Proceeds from issuances under stock-based compensation plans	21,162	25,333
Employees' taxes paid related to restricted stock units	(3,470)	(4,722)
Net cash used in financing activities	(32,308)	(1,583)
Effect of exchange rate changes on cash and cash equivalents	(841)	63
Net increase in cash and cash equivalents	6,373	20,290
Cash and cash equivalents at beginning of period	127,210	67,192
Cash and cash equivalents at end of period	$ 133,583	$ 87,482
Supplemental disclosure of non-cash activities		
Unpaid purchases of property and equipment	$ 366	$ 711
Transfers between inventory and property and equipment, net	$ —	$ 1,428
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 1,335	$ 557

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

OMNICELL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Organization and Summary of Significant Accounting Policies

Business

Omnicell, Inc. was incorporated in California in 1992 under the name Omnicell Technologies, Inc. and reincorporated in Delaware in 2001 as Omnicell, Inc. The Company's major products are medication management automation solutions and adherence tools for healthcare systems and pharmacies, which are sold in its principal market, the healthcare industry. The Company's market is primarily located in the United States and Europe. "Omnicell" or the "Company" collectively refer to Omnicell, Inc. and its subsidiaries.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements reflect, in the opinion of management, all adjustments, consisting of normal recurring adjustments and accruals, necessary to present fairly the financial position of the Company as of June 30, 2020 and December 31, 2019, the results of operations and comprehensive income (loss) for the three and six months ended June 30, 2020 and 2019, and cash flows for the six months ended June 30, 2020 and 2019. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") have been condensed or omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and accompanying Notes included in the Company's annual report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 26, 2020, except as discussed in the sections entitled "Allowance for Credit Losses" and "Recently Adopted Authoritative Guidance" below. The Company's results of operations and comprehensive income (loss) for the three and six months ended June 30, 2020 and cash flows for the six months ended June 30, 2020 are not necessarily indicative of results that may be expected for the year ending December 31, 2020, or for any future period.

Principles of Consolidation

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

Reclassifications and Adjustments

Certain prior-year amounts have been reclassified to conform with current-period presentation. This reclassification was a change in the presentation of certain items in the disaggregation of product revenues for the three and six months ended June 30, 2019 in Note 2, *Revenues*, of the Notes to Condensed Consolidated Financial Statements. This change was not deemed material and was included to conform with current-period classification and presentation.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's Condensed Consolidated Financial Statements and accompanying Notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable, including any potential impacts arising from the novel coronavirus ("COVID-19") pandemic. Although these estimates are based on management's best knowledge of current events and actions that may impact the Company in the future, actual results may be different from the estimates.

The Company's critical accounting policies are those that affect its financial statements materially and involve difficult, subjective or complex judgments by management. As of June 30, 2020, the Company is not aware of any events or circumstances that would require an update to its estimates, judgments, or revisions to the carrying value of its assets or liabilities. Given the ongoing uncertainty surrounding the COVID-19 pandemic, events or circumstances may arise that could result in a change in estimates, judgments, or revisions to the carrying value of the Company's assets or liabilities.

Segment Reporting

The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Company's Chief Operating Decision Maker ("CODM") is its Chief Executive Officer. The CODM allocates resources and evaluates the performance of the Company at the consolidated level using information about its revenues, gross profit, income from operations, and other key financial data. All significant operating decisions are based upon an analysis of the Company as one operating segment, which is the same as its reporting segment.

Allowance for Credit Losses

The Company is exposed to credit losses primarily through sales of its products and services, as well as its sales-type leasing arrangements. The Company performs credit evaluations of its customers' financial condition in order to assess each customer's ability to pay. These evaluations require significant judgment and are based on a variety of factors including, but not limited to, current economic trends, payment history, and a financial review of the customer. The Company continues to monitor customers' creditworthiness on an ongoing basis.

The Company maintains an allowance for credit losses for accounts receivable, unbilled receivables, and net investment in sales-type leases based on expected credit losses resulting from the inability of its customers to make required payments. The allowance for credit losses is measured using a loss rate method, considering factors such as customers' credit risk, historical loss experience, current conditions, and forecasts. The allowance for credit losses is measured on a collective (pool) basis by aggregating customer balances with similar risk characteristics. The Company also records a specific allowance based on an analysis of individual past due balances or customer-specific information, such as a decline in creditworthiness or bankruptcy. Actual collection losses may differ from management's estimates, and such differences could be material to the Company's financial position and results of operations.

The allowance for credit losses is presented in the Condensed Consolidated Balance Sheets as a deduction from the respective asset balance. The following table summarizes the Company's allowance for credit losses by asset type:

	June 30, 2020	December 31, 2019
	(In thousands)	
Allowance for credit losses:		
Accounts receivable and unbilled receivables	$ 3,204	$ 3,227
Long-term unbilled receivables [1]	33	—
Net investment in sales-type leases [2]	248	225

[1] Included in other long-term assets in the Condensed Consolidated Balance Sheets.

[2] Includes both current and long-term portions presented in other current assets and long-term investment in sales-type leases, net, respectively.

Changes in the allowances for credit losses were not significant for the three and six months ended June 30, 2020 and 2019.

Recently Adopted Authoritative Guidance

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 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*, to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Company adopted ASU 2018-15 on January 1, 2020 on a prospective basis. The adoption of this guidance did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, that modifies or replaces existing models for trade and other receivables, debt securities, loans, and certain other financial instruments. For instruments measured at amortized cost, including trade and lease receivables, loans, and held-to-maturity debt securities, the standard replaced the current "incurred loss" approach with an "expected loss" model. Entities are required to estimate expected credit losses over the life of the instrument, considering available relevant information about the collectibility of cash flows, including information about past events, current conditions, and reasonable and supportable forecasts. The Company adopted the new standard on January 1, 2020 using the modified retrospective transition method, which resulted in the recognition of an immaterial cumulative-effect adjustment to retained earnings.

Recently Issued Authoritative Guidance

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

Note 2. Revenues

Revenue Recognition

The Company earns revenues from sales of its products and related services, which are sold in the healthcare industry, its principal market. The Company's customer arrangements typically include one or more of the following performance obligations:

Products. Software-enabled equipment that manages and regulates the storage and dispensing of pharmaceuticals, consumable blister cards and packaging equipment and other medical supplies.

Software. On premise or cloud-based subscription solutions that improve medication management and adherence outcomes or enable incremental functionality of the Company's equipment.

Installation. Installation of equipment as integrated systems at customer sites.

Post-installation technical support. Phone support, on-site service, parts, and access to unspecified software updates and enhancements, if and when available.

Professional services. Other customer services, such as technology-enabled services, training, and consulting.

A portion of the Company's sales are made to customers who are members of Group Purchasing Organizations ("GPOs"). GPOs are often owned fully or in part by the Company's customers, and the Company pays fees to the GPO on completed contracts. The Company considers these fees consideration paid to customers and records them as reductions to revenue. Fees to GPOs were $1.7 million and $2.6 million for the three months ended June 30, 2020 and 2019, respectively, and $4.6 million and $4.8 million for the six months ended June 30, 2020 and 2019, respectively.

Disaggregation of Revenues

The following table summarizes the Company's product revenues disaggregated by revenue type for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Hardware and software	$ 116,919	$ 133,005	$ 259,352	$ 251,819
Consumables	18,063	21,795	41,333	45,502
Other	3,960	3,579	8,330	6,668
Total product revenues	$ 138,942	$ 158,379	$ 309,015	$ 303,989

The following table summarizes the Company's revenues disaggregated by geographic region, which is determined based on customer location, for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
United States	$ 178,052	$ 195,811	$ 385,786	$ 375,831
Rest of world [1]	21,569	21,602	43,521	44,099
Total revenues	$ 199,621	$ 217,413	$ 429,307	$ 419,930

[1] No individual country represented more than 10% of total revenues.

Contract Assets and Contract Liabilities

The following table reflects the Company's contract assets and contract liabilities:

	June 30, 2020	December 31, 2019
	(In thousands)	
Short-term unbilled receivables, net [1]	$ 9,602	$ 11,707
Long-term unbilled receivables, net [2]	16,132	12,260
Total contract assets	$ 25,734	$ 23,967
Short-term deferred revenues, net	$ 107,940	$ 90,894
Long-term deferred revenues	6,101	7,083
Total contract liabilities	$ 114,041	$ 97,977

[1] Included in accounts receivable and unbilled receivables in the Condensed Consolidated Balance Sheets.

[2] Included in other long-term assets in the Condensed Consolidated Balance Sheets.

The portion of the transaction price allocated to the Company's unsatisfied performance obligations for which invoicing has occurred is recorded as deferred revenues.

Short-term deferred revenues of $107.9 million and $90.9 million include deferred revenues from product sales and service contracts, net of deferred cost of sales of $19.6 million and $13.1 million, as of June 30, 2020 and December 31, 2019, respectively. The short-term deferred revenues from product sales relate to delivered and invoiced products, pending installation and acceptance, expected to occur within the next twelve months. During the three and six months ended June 30, 2020, the Company recognized revenues of $20.9 million and $64.3 million, respectively, that were included in the corresponding gross short-term deferred revenues balance of $104.0 million as of December 31, 2019.

Long-term deferred revenues include deferred revenues from service contracts of $6.1 million and $7.1 million as of June 30, 2020 and December 31, 2019, respectively. Remaining performance obligations primarily relate to maintenance contracts and are recognized ratably over the remaining term of the contract, generally not more than five years.

Significant Customers

There were no customers that accounted for more than 10% of the Company's total revenues for the three and six months ended June 30, 2020 and 2019. Also, there were no customers that accounted for more than 10% of the Company's accounts receivable balance as of June 30, 2020 and December 31, 2019.

Note 3. Net Income (Loss) Per Share

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

The basic and diluted net income (loss) per share calculations for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands, except per share data)			
Net income (loss)	$ (4,299)	$ 15,976	$ 7,012	$ 19,260
Weighted-average shares outstanding — basic	42,659	41,371	42,509	41,033
Effect of dilutive securities from stock award plans	—	1,574	1,107	1,613
Weighted-average shares outstanding — diluted	42,659	42,945	43,616	42,646
Net income (loss) per share - basic	$ (0.10)	$ 0.39	$ 0.16	$ 0.47
Net income (loss) per share - diluted	$ (0.10)	$ 0.37	$ 0.16	$ 0.45
Anti-dilutive weighted-average shares related to stock award plans	4,931	741	1,929	748

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

Cash and cash equivalents of $133.6 million and $127.2 million as of June 30, 2020 and December 31, 2019, respectively, consisted of bank accounts with major financial institutions.

Fair Value Hierarchy

The Company measures its financial instruments at fair value. The Company’s cash and cash equivalents are classified within Level 1 of the fair value hierarchy as they are valued primarily using quoted market prices utilizing market observable inputs. The Company's interest rate swap contracts and debt are classified within Level 2 as the valuation inputs are based on quoted prices or market observable data of similar instruments. Refer to Note 8, *Debt and Credit Agreements*, of the Notes to Condensed Consolidated Financial Statements for further information regarding the Company’s credit facilities.

Interest Rate Swap Contracts

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

During 2016, the Company entered into an interest rate swap agreement with a combined notional amount of $100.0 million with one counterparty that became effective on June 30, 2016 and matured on April 30, 2019. The swap agreement required the Company to pay a fixed rate of 0.8% and provided that the Company received a variable rate based on the one month London Interbank Offered Rate (“LIBOR”), subject to a LIBOR floor of 0.0%. Amounts payable by or due to the Company were net settled with the respective counterparty on the last business day of each month, commencing July 31, 2016.

Note 5. Balance Sheet Components

Balance sheet details as of June 30, 2020 and December 31, 2019 are presented in the tables below:

	June 30, 2020	December 31, 2019
	(In thousands)	
Inventories:		
Raw materials	$ 32,101	$ 31,331
Work in process	7,833	7,620
Finished goods	74,311	69,060
Total inventories	$ 114,245	$ 108,011
Other long-term assets:		
Capitalized software, net	$ 94,166	$ 85,070
Unbilled receivables, net	16,132	12,260
Deferred debt issuance costs	4,218	4,700
Other assets	1,681	1,006
Total other long-term assets	$ 116,197	$ 103,036
Accrued liabilities:		
Operating lease liabilities, current portion	$ 10,463	$ 10,058
Advance payments from customers	4,651	4,006
Rebates and lease buyouts	18,690	14,911
Group purchasing organization fees	4,250	5,934
Taxes payable	2,963	3,744
Other accrued liabilities	11,962	16,914
Total accrued liabilities	$ 52,979	$ 55,567

The following tables summarize the changes in accumulated balances of other comprehensive income (loss) for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,					
	2020			2019		
	Foreign currency translation adjustments	Unrealized gain (loss) on interest rate swap hedges	Total	Foreign currency translation adjustments	Unrealized gain (loss) on interest rate swap hedges	Total
	(In thousands)					
Beginning balance	$ (14,140)	$ —	$ (14,140)	$ (10,605)	$ 103	$ (10,502)
Other comprehensive income (loss) before reclassifications	451	—	451	(971)	48	(923)
Amounts reclassified from other comprehensive income (loss), net of tax	—	—	—	—	(151)	(151)
Net current-period other comprehensive income (loss), net of tax	451	—	451	(971)	(103)	(1,074)
Ending balance	$ (13,689)	$ —	$ (13,689)	$ (11,576)	$ —	$ (11,576)

	Six Months Ended June 30,					
	2020			2019		
	Foreign currency translation adjustments	Unrealized gain (loss) on interest rate swap hedges	Total	Foreign currency translation adjustments	Unrealized gain (loss) on interest rate swap hedges	Total
	(In thousands)					
Beginning balance	$ (9,446)	$ —	$ (9,446)	$ (11,274)	$ 420	$ (10,854)
Other comprehensive income (loss) before reclassifications	(4,243)	—	(4,243)	(302)	148	(154)
Amounts reclassified from other comprehensive income (loss), net of tax	—	—	—	—	(568)	(568)
Net current-period other comprehensive income (loss), net of tax	(4,243)	—	(4,243)	(302)	(420)	(722)
Ending balance	$ (13,689)	$ —	$ (13,689)	$ (11,576)	$ —	$ (11,576)

Note 6. Property and Equipment

The following table represents the property and equipment balances as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
	(In thousands)	
Equipment	$ 98,691	$ 88,569
Furniture and fixtures	7,878	7,925
Leasehold improvements	19,839	18,979
Software	49,424	48,309
Construction in progress	6,428	6,179
Property and equipment, gross	182,260	169,961
Accumulated depreciation and amortization	(124,394)	(115,715)
Total property and equipment, net	$ 57,866	$ 54,246

Depreciation and amortization expense of property and equipment was $4.7 million and $4.4 million for the three months ended June 30, 2020 and 2019, respectively, and $9.0 million and $8.4 million for the six months ended June 30, 2020 and 2019, respectively.

The geographic location of the Company's property and equipment, net, is based on the physical location in which it is located. The following table summarizes the geographic information for property and equipment, net, as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
	(In thousands)	
United States	$ 51,811	$ 48,769
Rest of world [1]	6,055	5,477
Total property and equipment, net	$ 57,866	$ 54,246

[1] No individual country represented more than 10% of total property and equipment, net.

Note 7. Goodwill and Intangible Assets

Goodwill

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

	December 31, 2019	Additions	Foreign currency exchange rate fluctuations	June 30, 2020
	(In thousands)			
Goodwill	$ 336,539	$ —	$ (1,505)	$ 335,034

Intangible Assets, Net

The carrying amounts and useful lives of intangible assets as of June 30, 2020 and December 31, 2019 were as follows:

	June 30, 2020				
	Gross carrying amount [1]	Accumulated amortization	Foreign currency exchange rate fluctuations	Net carrying amount	Useful life (years)
	(In thousands, except for years)				
Customer relationships	$ 134,889	$ (58,871)	$ (1,360)	$ 74,658	10 - 30
Acquired technology	77,029	(40,033)	5	37,001	5 - 20
Backlog	1,150	(934)	—	216	4
Trade names	7,650	(5,374)	10	2,286	6 - 12
Patents	3,217	(1,669)	1	1,549	2 - 20
Total intangibles assets, net	$ 223,935	$ (106,881)	$ (1,344)	$ 115,710	

	December 31, 2019				
	Gross carrying amount [1]	Accumulated amortization	Foreign currency exchange rate fluctuations	Net carrying amount	Useful life (years)
	(In thousands, except for years)				
Customer relationships	$ 135,234	$ (54,860)	$ (1,058)	$ 79,316	10 - 30
Acquired technology	77,142	(36,194)	5	40,953	3 - 20
Backlog	1,150	(791)	—	359	4
Trade names	7,650	(5,037)	11	2,624	6 - 12
Patents	3,217	(1,603)	1	1,615	2 - 20
Total intangibles assets, net	$ 224,393	$ (98,485)	$ (1,041)	$ 124,867	

[1] The differences in gross carrying amounts between periods are primarily due to the write-off of certain fully amortized intangible assets.

Amortization expense of intangible assets was $4.4 million and $4.7 million for the three months ended June 30, 2020 and 2019, respectively, and $8.9 million and $9.5 million for the six months ended June 30, 2020 and 2019, respectively.

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

	June 30, 2020
	(In thousands)
Remaining six months of 2020	$ 8,592
2021	16,120
2022	14,770
2023	13,675
2024	7,916
Thereafter	54,637
Total	$ 115,710

Note 8. Debt and Credit Agreements

2016 Senior Credit Facility

On January 5, 2016, the Company entered into a $400.0 million senior secured credit facility pursuant to a credit agreement with certain lenders, Wells Fargo Securities, LLC as sole lead arranger, and Wells Fargo Bank, National Association as administrative agent (as subsequently amended as discussed below, the "Prior Credit Agreement"). The Prior Credit Agreement provided for (a) a five-year revolving credit facility of $200.0 million, which was subsequently increased pursuant to the amendment discussed below (the "Prior Revolving Credit Facility") and (b) a five-year $200.0 million term loan facility (the "Prior Term Loan Facility" and together with the Prior Revolving Credit Facility, the "Prior Facilities"). In addition, the Prior Credit Agreement included a letter of credit sub-limit of up to $10.0 million and a swing line loan sub-limit of up to $10.0 million. The Prior Credit Agreement had an expiration date of January 5, 2021, upon which date all remaining outstanding borrowings were due and payable.

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

On each of April 11, 2017 and December 26, 2017, the parties entered into amendments to the Prior Credit Agreement. Under these amendments, the Prior Revolving Credit Facility was increased from $200.0 million to $315.0 million, and certain other modifications were made. In connection with the December 2017 amendment, the Company incurred and capitalized an additional $2.1 million of debt issuance costs.

2019 Revolving Credit Facility

On November 15, 2019, the Company refinanced the Prior Credit Agreement and entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with the lenders from time to time party thereto, Wells Fargo Securities, LLC, Citizens Bank, N.A., and JPMorgan Chase Bank, N.A., as joint lead arrangers and Wells Fargo Bank, National Association, as administrative agent. The A&R Credit Agreement replaced the Prior Credit Agreement and provides for (a) a five-year revolving credit facility of $500.0 million (the "Current Revolving Credit Facility") and (b) an uncommitted incremental loan facility of up to $250.0 million (the "Incremental Facility"). In addition, the A&R Credit Agreement includes a letter of credit sub-limit of up to $15.0 million and a swing line loan sub-limit of up to $25.0 million. The A&R Credit Agreement has an expiration date of November 15, 2024, upon which date all remaining outstanding borrowings will be due and payable.

On November 15, 2019, the $80.0 million outstanding term loan balance under the Prior Facilities was transferred to the Current Revolving Credit Facility.

Loans under the Current Revolving Credit Facility bear interest, at the Company's option, at a rate equal to either (a) LIBOR, plus an applicable margin ranging from 1.25% to 2.00% per annum based on the Company's Consolidated Total Net Leverage Ratio (as defined in the A&R Credit Agreement), or (b) an alternate base rate equal to the highest of (i) the prime rate,

(ii) the federal funds rate plus 0.50%, and (iii) LIBOR for an interest period of one month plus 1.00%, plus an applicable margin ranging from 0.25% to 1.00% per annum based on the Company's Consolidated Total Net Leverage Ratio. Undrawn commitments under the Current Revolving Credit Facility are subject to a commitment fee ranging from 0.15% to 0.30% per annum based on the Company's Consolidated Total Net Leverage Ratio on the average daily unused portion of the Current Revolving Credit Facility. The applicable margin for and certain other terms of any term loans under the Incremental Facility will be determined prior to the incurrence of such loans. The Company is permitted to make voluntary prepayments at any time without payment of a premium or penalty.

The A&R Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the Company and its subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, mergers, dispositions, dividends, and other distributions. The A&R Credit Agreement contains financial covenants that require the Company and its subsidiaries to not exceed a maximum consolidated total net leverage ratio and maintain a minimum interest coverage ratio. In addition, the A&R Credit Agreement contains certain customary events of default including, but not limited to, failure to pay interest, principal and fees or other amounts when due, material misrepresentations or misstatements in any representation or warranty, covenant defaults, certain cross defaults to other material indebtedness, certain judgment defaults and events of bankruptcy. The Company's obligations under the A&R Credit Agreement and any swap obligations and banking services obligations owing to a lender (or an affiliate of a lender) are guaranteed by certain of its domestic subsidiaries and secured by substantially all of its and such subsidiary guarantors' assets. In connection with entering into the A&R Credit Agreement, and as a condition precedent to borrowing loans thereunder, the Company and certain of the Company's other direct and indirect subsidiaries have entered into certain ancillary agreements, including, but not limited to, a reaffirmation agreement, which amends certain terms of the existing collateral agreement and reaffirms their obligations under the existing guaranty agreement. The Company was in full compliance with all covenants as of June 30, 2020.

The refinancing of the Prior Credit Agreement was evaluated in accordance with Accounting Standards Codification ("ASC") 470-50, *Debt - Modifications and Extinguishments*. In determining whether the refinancing was to be accounted for as a debt extinguishment or a debt modification, the Company considered whether lenders within the syndicate remained the same or changed and whether the changes in debt terms were substantial. This assessment was performed on an individual lender basis within the syndicate. As a result, the refinancing was accounted for as a modification with the exception of certain lenders that exited the syndicate. The exit of certain lenders resulted in an immaterial write-off of existing unamortized debt issuance costs. The remaining unamortized debt issuance costs related to debt modification, along with the new deferred costs, will be amortized over the remaining term of the A&R Credit Agreement.

In connection with the A&R Credit Agreement, the Company incurred and capitalized an additional $2.3 million of debt issuance costs. The debt issuance costs are being amortized to interest expense using the straight-line method through 2024. Amortization expense related to debt issuance costs was approximately $0.2 million and $0.6 million for the three months ended June 30, 2020 and 2019, respectively, and approximately $0.5 million and $1.1 million for the six months ended June 30, 2020 and 2019, respectively.

Interest expense (exclusive of fees and debt issuance cost amortization) was approximately $0.9 million for the three months ended June 30, 2019, and approximately $0.2 million and $2.2 million for the six months ended June 30, 2020 and 2019, respectively. No interest expense was incurred during the three months ended June 30, 2020 as there was no outstanding balance under the Current Revolving Credit Facility during the three months ended June 30, 2020.

The following table represents changes in the carrying amount of the Company's debt obligations:

	Current Revolving Credit Facility
	(In thousands)
Balance as of December 31, 2019	$ 50,000
Proceeds	—
Repayments	(50,000)
Balance as of June 30, 2020	$ —

The following table represents changes in the balance of the Company's deferred debt issuance costs:

	(In thousands)
Balance as of December 31, 2019	$ 4,700
Additions	—
Amortization	(482)
Balance as of June 30, 2020	$ 4,218

Note 9. Lessor Leases

Sales-Type Leases

On a recurring basis, the Company enters into multi-year, sales-type lease agreements, with the majority varying in length from one to five years. The Company optimizes cash flows by selling a majority of its non-U.S. government sales-type leases to third-party leasing finance companies on a non-recourse basis. The Company has no obligation to the leasing company once the lease has been sold. Some of the Company's sales-type leases, mostly those relating to U.S. government hospitals which comprise approximately 61% of the lease receivable balance, are retained in-house.

The following table presents the Company’s income recognized from sales-type leases for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Sales-type lease revenues	$ 6,612	$ 13,309	$ 13,004	$ 24,816
Cost of sales-type lease revenues	(2,655)	(5,575)	(5,224)	(10,395)
Selling profit on sales-type lease revenues	$ 3,957	$ 7,734	$ 7,780	$ 14,421
Interest income on sales-type lease receivables	$ 526	$ 399	$ 987	$ 808

The receivables as a result of these types of transactions are collateralized by the underlying equipment leased and consist of the following components at June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
	(In thousands)	
Net minimum lease payments to be received	$ 33,750	$ 32,360
Less: Unearned interest income portion	(2,855)	(2,840)
Net investment in sales-type leases	30,895	29,520
Less: Current portion [1]	(9,934)	(9,770)
Long-term investment in sales-type leases, net	$ 20,961	$ 19,750

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

The carrying amount of the Company’s sales-type lease receivables is a reasonable estimate of fair value.

The maturity schedule of future minimum lease payments under sales-type leases retained in-house and the reconciliation to the net investment in sales-type leases reported on the Condensed Consolidated Balance Sheets was as follows:

	June 30, 2020
	(In thousands)
Remaining six months of 2020	$ 6,838
2021	8,769
2022	8,005
2023	5,802
2024	3,031
Thereafter	1,305
Total future minimum sales-type lease payments	33,750
Present value adjustment	(2,855)
Total net investment in sales-type leases	$ 30,895

Operating Leases

The Company entered into certain leasing agreements that were classified as operating leases prior to the adoption of ASC 842, *Leases*, on January 1, 2019. These agreements in place prior to January 1, 2019 will continue to be treated as operating leases, however any new leasing agreements entered into on or after January 1, 2019 under these programs are classified and accounted for as sales-type leases in accordance with ASC 842. The operating lease arrangements generally have initial terms of one to seven years.

The following table represents the Company's income recognized from operating leases for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Rental income	$ 3,024	$ 3,365	$ 6,001	$ 6,652

Note 10. Lessee Leases

The Company has operating leases for office buildings, data centers, office equipment, and vehicles. The Company's leases have initial terms of one to 12 years. As of June 30, 2020, the Company did not have any additional material operating leases that were entered into, but not yet commenced.

The maturity schedule of future minimum lease payments under operating leases and the reconciliation to the operating lease liabilities reported on the Condensed Consolidated Balance Sheets was as follows:

	June 30, 2020
	(In thousands)
Remaining six months of 2020	$ 6,890
2021	13,572
2022	12,296
2023	8,660
2024	8,059
Thereafter	20,170
Total operating lease payments	69,647
Present value adjustment	(12,494)
Total operating lease liabilities [1]	$ 57,153

[1] Amount consists of a current and long-term portion of operating lease liabilities of $10.5 million and $46.7 million, respectively. The short-term portion of the operating lease liabilities is included in accrued liabilities in the Condensed Consolidated Balance Sheets.

Operating lease costs were $3.4 million and $3.6 million for the three months ended June 30, 2020 and 2019, respectively, and $7.0 million and $7.3 million for the six months ended June 30, 2020 and 2019, respectively. Short-term lease costs and variable lease costs were immaterial for the three and six months ended June 30, 2020 and 2019.

The following table summarizes supplemental cash flow information related to the Company's operating leases for the six months ended June 30, 2020 and 2019:

	Six Months Ended June 30,	
	2020	2019
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities	$ 7,067	$ 7,391
Right-of-use assets obtained in exchange for new lease liabilities	$ 1,335	$ 557

The following table summarizes the weighted-average remaining lease term and weighted-average discount rate related to the Company's operating leases as of June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Weighted-average remaining lease term, years	6.1	6.4
Weighted-average discount rate, %	6.4 %	6.4 %

Note 11. Commitments and Contingencies

Purchase Obligations

In the ordinary course of business, the Company issues purchase orders based on its current manufacturing needs. As of June 30, 2020, the Company had non-cancelable purchase commitments of $66.3 million, of which $64.7 million are expected to be paid within the year ending December 31, 2020.

Legal Proceedings

The Company is currently involved in various legal proceedings. As required under ASC 450, *Contingencies*, the Company accrues for contingencies when it believes that a loss is probable and that it can reasonably estimate the amount of any such loss. The Company has not recorded any accrual for contingent liabilities associated with the legal proceedings described below based on its belief that any potential loss, while reasonably possible, is not probable. Further, any possible range of loss in these matters cannot be reasonably estimated at this time. The Company believes that it has valid defenses with respect to legal proceedings pending against it. However, litigation is inherently unpredictable, and it is possible that cash flows

or results of operations could be materially affected in any particular period by the unfavorable resolution of this contingency or because of the diversion of management's attention and the creation of significant expenses.

On January 10, 2018, a lawsuit was filed against a number of individuals, governmental agencies, and corporate entities, including the Company and one of its former subsidiaries, Aesynt Incorporated ("Aesynt"), which, through a series of mergers, has been merged into the Company, in the Circuit Court for the City of Richmond, Virginia, captioned *Ruth Ann Warner, as Guardian of Jonathan James Brewster Warner v. Centra Health, Inc., et al., Case No. CL18-152-1*. The complaint sought monetary recovery of compensatory and punitive damages in addition to certain declaratory relief based upon, as against the individuals, governmental agencies, and corporate entities other than the Company and Aesynt, allegations of the use of excessive force, unlawful detention, false imprisonment, battery, simple and gross negligence and negligent hiring, detention, and training; and, as against the Company and Aesynt, claims of product liability, negligence, and breach of implied warranties. The Company and Aesynt were never served with the complaint. Upon motion of the plaintiff, the Court issued an order on February 21, 2019 nonsuiting (dismissing) the case without prejudice. On August 21, 2019, a new lawsuit was filed against the Company and Aesynt, in the Circuit Court for the County of Albemarle, Virginia, captioned *Ruth Ann Warner, as Guardian of Jonathan James Brewster Warner v. Aesynt Incorporated, et al., Case No CL19-1301*. The complaint seeks monetary recovery of damages based upon claims of product liability, negligence, and breach of implied warranties. The Company and Aesynt have not been served with the complaint. The Company intends to defend the lawsuit vigorously.

A declaratory judgment action was filed against the Company, on August 30, 2018, in the United States District Court for the Northern District of California, captioned *Zurich American Insurance Company; American Guarantee & Liability Company v. Omnicell, Inc. and Does 1-10, inclusive, Case No. 3:18-CV-05345*. The complaint seeks a declaration that the plaintiffs have no duty to defend or indemnify the Company in connection with the underlying litigation, *Yana Mazya, et al. v. Northwestern Lake Forest Hospital, et al., Case No. 2018-CH-07161* pending in the Circuit Court of Cook County, Illinois, Chancery Division (a class action lawsuit filed against a customer of the Company, the customer's parent company, and two vendors of medication dispensing systems, one of which is the Company, seeking statutory damages and certain declaratory, injunctive, and other relief based on causes of action directed to allegations of violation of the Illinois Biometric Information Privacy Act ("BIPA") and of negligence by the defendants from which the Company was subsequently dismissed without prejudice) ("Mazya Action"), together with claims for reimbursement and unjust enrichment relating to the defense of the Mazya Action in the form of attorneys' fees and other related costs. The Company has not responded to the complaint. On February 12, 2019, the Court stayed the action pending the outcome of the Mazya Action and administratively closed the case. On October 15, 2019, the plaintiffs filed a notice advising the Court of the dismissal of the Company from the Mazya Action and requesting that the Court lift the stay in the case and set dates for filing a responsive pleading by the Company and initial discovery and scheduling matters. By order dated November 13, 2019, the Court (i) lifted the stay in the case, (ii) set a case management conference for February 5, 2020, and (iii) ordered the parties to file a joint case management statement by January 29, 2020. The parties subsequently reached a settlement of the case in principle and the Court, after notice of the parties, continued the case management conference until April 29, 2020. The parties entered into a written settlement agreement on April 9, 2020. Since the conditions precedent in the settlement agreement to dismissing the case had not yet been fulfilled, the Court, upon the petition of the parties, again continued the case management conference until May 27, 2020. Upon fulfillment of the conditions precedent to finalizing the settlement, the plaintiffs filed a notice of dismissal with prejudice on May 4, 2020, thereby finally terminating the action.

A class action lawsuit was filed against the Company, on June 5, 2019, in the Circuit Court of Cook County, Illinois, Chancery Division, captioned *Corey Heard, individually and on behalf of all others similarly situated, v. Omnicell, Inc., Case No. 2019-CH-06817*. The complaint seeks class certification, monetary damages in the form of statutory damages for willful and/or reckless or, in the alternative, negligent violation of BIPA, and certain declaratory, injunctive, and other relief based on causes of action directed to allegations of violation of BIPA by the Company. The complaint was served on the Company on June 13, 2019. On July 31, 2019, the Company filed a motion to stay or consolidate the case with the Mazya Action. The Court subsequently, on October 10, 2019, denied the motion, without prejudice, as being moot in view of the Company's dismissal from the Mazya Action. The Company filed a motion to dismiss the complaint on October 31, 2019. The motion to dismiss is fully-briefed. The hearing on the Company's motion to dismiss was previously set for March 16, 2020, was continued to May 27, 2020, and then was subsequently continued again to September 2, 2020. The Company intends to defend the lawsuit vigorously.

Note 12. Income Taxes

The Company generally provides for income taxes in interim periods based on the estimated annual effective tax rate for the year, adjusting for discrete items in the quarter in which they arise. The annual effective tax rate before discrete items was 28.0% and 24.8% for the six months ended June 30, 2020 and 2019, respectively. The Company's effective tax rate for the six months ended June 30, 2020 was based on best estimates, which may fluctuate through the remainder of the year due to the volatility and uncertainty of global economic conditions in connection with the COVID-19 pandemic.

Due to continuing global operational centralization activities and legal entity rationalization, the Company recognized gain on the sale of certain intellectual property rights by Aesynt B.V. to Omnicell, Inc., which resulted in a tax expense, net of tax benefit, of $9.6 million during the six months ended June 30, 2019. In March 2020, Aesynt B.V. subsequently merged with and into Aesynt Holding B.V., with Aesynt Holding B.V. surviving and changing its name to Omnicell B.V. The Company did not recognize a gain or loss from such activities during the six months ended June 30, 2020. The Company also recognized a discrete tax benefit related to equity compensation in the amount of $3.3 million and $7.0 million for the six months ended June 30, 2020 and 2019, respectively.

The 2020 annual effective tax rate before discrete items differed from the statutory rate of 21% primarily due to the unfavorable impact of state income taxes, non-deductible compensation and equity charges, and non-deductible expenses, partially offset by the favorable impact of research and development credits and foreign derived intangible income (“FDII”) benefit deduction. The 2019 annual effective tax rate before discrete items differed from the statutory rate of 21% primarily due to the unfavorable impact of state income taxes, non-deductible equity charges, and non-deductible expenses, partially offset by the favorable impact of research and development credits, foreign rate differential, and FDII benefit deduction.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) was signed into law in response to the COVID-19 pandemic. The CARES Act, among other provisions, includes provisions related to refundable payroll tax credits, deferment of the employer portion of certain payroll taxes, net operation losses carryback periods, alternative minimum tax credit refunds, modification to net interest expense deduction limitation, and technical amendments to tax depreciation methods for qualified improvement property placed in service after December 31, 2017. The provisions of the CARES Act did not have a material impact on the Company’s income taxes.

As of June 30, 2020 and December 31, 2019, the Company had gross unrecognized tax benefits of $17.3 million and $16.8 million, respectively. It is the Company’s policy to classify accrued interest and penalties as part of the unrecognized tax benefits, but to record interest and penalties in interest and other income (expense), net in the Condensed Consolidated Statements of Operations. As of June 30, 2020 and December 31, 2019, the amount of accrued interest and penalties was $1.1 million and $1.0 million, respectively.

The Company files income tax returns in the United States and various states and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities, including major jurisdictions such as the United States, Germany, Italy, Netherlands, and the United Kingdom. With few exceptions, as of June 30, 2020, the Company was no longer subject to United States, state, and foreign examination for years before 2016, 2015, and 2015, respectively.

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

Note 13. Employee Benefits and Share-Based Compensation

Stock-Based Plans

For a detailed explanation of the Company's stock plans, refer to Note 13, *Employee Benefits and Share-Based Compensation*, of the Company's annual report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 26, 2020.

Share-Based Compensation Expense

The following table sets forth the total share-based compensation expense recognized in the Company’s Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	(In thousands)			
Cost of product and service revenues	$ 2,130	$ 1,416	$ 3,900	$ 2,878
Research and development	1,854	1,584	3,622	3,286
Selling, general, and administrative	7,367	5,260	14,488	10,506
Total share-based compensation expense	$ 11,351	$ 8,260	$ 22,010	$ 16,670

Stock Options and ESPP Shares

The following assumptions were used to value stock options and Employee Stock Purchase Plan ("ESPP") shares granted pursuant to the Company's equity incentive plans for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock options				
Expected life, years	4.7	4.3	4.7	4.4
Expected volatility, %	42.2 %	33.2 %	37.9 %	33.2 %
Risk-free interest rate, %	0.5 %	2.1 %	0.9 %	2.3 %
Estimated forfeiture rate, %	5.7 %	7.2 %	5.7 %	7.2 %
Dividend yield, %	— %	— %	— %	— %

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Employee stock purchase plan shares				
Expected life, years	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0
Expected volatility, %	30.4% - 39.9%	28.2% - 38.4%	30.4% - 39.9%	28.2% - 38.4%
Risk-free interest rate, %	1.4% - 2.7%	1.3% - 2.7%	1.4% - 2.7%	1.3% - 2.7%
Dividend yield, %	— %	— %	— %	— %

Stock Options Activity

The following table summarizes the share option activity under the Company's equity incentive plans during the six months ended June 30, 2020:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Years	Aggregate Intrinsic Value
	(In thousands, except per share data)			
Outstanding at December 31, 2019	3,902	$ 52.75	7.7	$ 113,198
Granted	674	80.63		
Exercised	(315)	37.28		
Expired	(7)	56.83		
Forfeited	(126)	62.61		
Outstanding at June 30, 2020	4,128	$ 58.17	7.4	$ 65,499
Exercisable at June 30, 2020	1,699	$ 41.50	6.0	$ 50,644
Vested and expected to vest at June 30, 2020 and thereafter	3,945	$ 57.46	7.3	$ 64,859

The weighted-average fair value per share of options granted during the three months ended June 30, 2020 and 2019 was $26.03 and $24.40, respectively, and the weighted-average fair value per share of options granted during the six months ended June 30, 2020 and 2019 was $26.21 and $24.20, respectively. The intrinsic value of options exercised during the three months ended June 30, 2020 and 2019 was $2.5 million and $7.2 million, respectively, and during the six months ended June 30, 2020 and 2019 was $12.4 million and $24.3 million, respectively.

As of June 30, 2020, total unrecognized compensation cost related to unvested stock options was $47.4 million, which is expected to be recognized over a weighted-average vesting period of 2.8 years.

Employee Stock Purchase Plan Activity

For the six months ended June 30, 2020 and 2019, employees purchased approximately 217,000 and 210,000 shares of common stock, respectively, under the ESPP at weighted average prices of $43.51 and $40.20, respectively. As of June 30, 2020, the unrecognized compensation cost related to the shares to be purchased under the ESPP was approximately $5.5 million and is expected to be recognized over a weighted-average period of 1.2 years.

Restricted Stock Units ("RSUs") and Restricted Stock Awards ("RSAs")

Summaries of the restricted stock activity under the Company's 2009 Equity Incentive Plan, as amended (the "2009 Plan") are presented below for the six months ended June 30, 2020:

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Years	Aggregate Intrinsic Value
	(In thousands, except per share data)			
Restricted stock units				
Outstanding at December 31, 2019	544	$ 66.65	1.6	$ 44,492
Granted (Awarded)	89	81.25		
Vested (Released)	(81)	56.57		
Forfeited	(41)	63.67		
Outstanding and unvested at June 30, 2020	511	$ 71.03	1.5	$ 36,062

As of June 30, 2020, total unrecognized compensation cost related to RSUs was $32.5 million, which is expected to be recognized over the remaining weighted-average vesting period of 2.9 years.

	Number of Shares	Weighted-Average Grant Date Fair Value
	(In thousands, except per share data)	
Restricted stock awards		
Outstanding at December 31, 2019	17	$ 81.92
Granted (Awarded)	21	68.11
Vested (Released)	(17)	81.92
Outstanding and unvested at June 30, 2020	21	$ 68.11

As of June 30, 2020, total unrecognized compensation cost related to RSAs was $1.2 million, which is expected to be recognized over the remaining weighted-average vesting period of 0.9 years.

Performance-Based Restricted Stock Units ("PSUs")

A summary of the performance-based restricted stock activity under the 2009 Plan is presented below for the six months ended June 30, 2020:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Unit
	(In thousands, except per share data)	
Outstanding at December 31, 2019	134	$ 55.82
Granted	63	82.41
Vested	(44)	54.25
Forfeited	(5)	81.72
Outstanding and unvested at June 30, 2020	148	$ 66.69

As of June 30, 2020, total unrecognized compensation cost related to PSUs was approximately $5.4 million, which is expected to be recognized over the remaining weighted-average vesting period of 1.4 years.

Summary of Shares Reserved for Future Issuance under Equity Incentive Plans

The Company had the following ordinary shares reserved for future issuance under its equity incentive plans as of June 30, 2020:

	Number of Shares (In thousands)
Share options outstanding	4,128
Non-vested restricted stock awards	680
Shares authorized for future issuance	2,029
ESPP shares available for future issuance	1,322
Total shares reserved for future issuance	8,159

Stock Repurchase Program

On August 2, 2016, the Company's Board of Directors (the “Board”) authorized a stock repurchase program providing for the repurchase of up to $50.0 million of the Company’s common stock (the “2016 Repurchase Program”). The 2016 Repurchase Program is in addition to the stock repurchase program approved by the Board on November 4, 2014. As of June 30, 2020, the maximum dollar value of shares that may yet be purchased under the two repurchase programs was $54.9 million. The stock repurchase programs do not obligate the Company to repurchase any specific number of shares, and the Company may terminate or suspend the repurchase programs at any time.

During the three and six months ended June 30, 2020 and 2019, the Company did not repurchase any of its outstanding common stock.

Note 14. Equity Offerings

On November 3, 2017, the Company entered into a Distribution Agreement (the “Distribution Agreement”) with J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, and HSBC Securities (USA) Inc., as its sales agents, pursuant to which the Company may offer and sell from time to time through the sales agents up to $125.0 million maximum aggregate offering price of the Company’s common stock. Sales of the common stock pursuant to the Distribution Agreement may be made in negotiated transactions or transactions that are deemed to be “at the market” offerings as defined in Rule 415 under the Securities Act of 1933, including sales made directly on the Nasdaq Stock Market, or sales made to or through a market maker other than on an exchange.

For the three and six months ended June 30, 2020, the Company did not sell any of its common stock under the Distribution Agreement.

For the three months ended June 30, 2019, the Company received gross proceeds of $17.9 million from sales of its common stock under the Distribution Agreement and incurred issuance costs of $0.3 million on sales of approximately 217,000 shares of its common stock at an average price of approximately $82.51 per share.

For the six months ended June 30, 2019, the Company received gross proceeds of $38.5 million from sales of its common stock under the Distribution Agreement and incurred issuance costs of $0.7 million on sales of approximately 460,000 shares of its common stock at an average price of approximately $83.81 per share.

As of June 30, 2020, the Company had an aggregate of $31.5 million available to be offered under the Distribution Agreement.

Note 15. Restructuring Expenses

In the first quarter of 2020, the Company announced a company-wide organizational realignment initiative in order to more effectively align its organizational infrastructure and operations with the strategic vision of the autonomous pharmacy. In the second quarter of 2020, the Company continued its organizational realignment initiative, as well as initiated a restructuring plan to help mitigate the adverse impact of the COVID-19 pandemic on its business and financial results. During the three and six months ended June 30, 2020, the Company incurred and accrued $6.4 million and $10.0 million, respectively, of employee severance costs and related expenses. As of June 30, 2020, the unpaid balance related to this restructuring plan was $6.6 million.

The following table summarizes the total restructuring expense recognized in the Company's Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2020:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
	(In thousands)	
Cost of product and service revenues	$ 2,489	$ 2,564
Research and development	2,918	3,716
Selling, general, and administrative	949	3,681
Total restructuring expense	$ 6,356	$ 9,961

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

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). The forward-looking statements are contained throughout this report, including in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements include, but are not limited to, statements about:

- *our expectations about the continuing impact of the ongoing global novel coronavirus (COVID-19) pandemic (including efforts to contain the spread of the pandemic) on our workforce and operations, as well as the continuing impacts on our customers and suppliers, and the anticipated continuing effects of the pandemic and associated containment measures on our business, financial condition, liquidity, and results of operations;*
- *our expectations regarding our future pipeline and product bookings;*
- *the extent and timing of future revenues, including the amounts of our current backlog;*
- *the size or growth of our market or market share;*
- *our beliefs about drivers of demand for our solutions, market opportunities in certain product categories and continued expansion in these product categories, as well as our belief that our technology, services, and solutions within these categories position us well to address the needs of retail, acute, and post-acute pharmacy providers;*
- *our ability to acquire companies, businesses, products or technologies on commercially reasonable terms and integrate such acquisitions effectively;*
- *our goal of advancing our platform with new product introductions annually;*
- *our ability to deliver on the autonomous pharmacy vision, as well as our plan to integrate our current offerings and technologies on a cloud infrastructure and invest in broadening our solutions across certain key areas as we execute on this vision;*
- *continued investment in the autonomous pharmacy vision, our beliefs about the anticipated benefits of such investments, and our expectations regarding continued growth in subscription and cloud-based offerings as we execute on this vision;*
- *our belief that our solutions and vision for fully autonomous medication management are strongly aligned with long-term trends in the healthcare market and well-positioned to address the evolving needs of the healthcare institutions;*
- *planned new products and services;*
- *the bookings, revenue, and margin opportunities presented by new products, emerging markets, and international markets;*
- *our ability to align our cost structure and headcount with our current business expectations;*
- *the operating margins or earnings per share goals we may set;*

- *the outcome of any legal proceedings to which we are a party;*
- *our projected target long-term revenues and revenue growth rate, long-term operating margins, and free cash flow conversion;*
- *our ability to protect our intellectual property and operate our business without infringing the intellectual property rights of others;*
- *the expected impacts of new accounting standards or changes to existing accounting standards;*
- *our expected future uses of cash and the sufficiency of our sources of funding; and*
- *our ability to generate cash from operations and our estimates regarding the sufficiency of our cash resources.*

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "seeks," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and variations of these terms and similar expressions. Forward-looking statements are based on our current expectations and assumptions and are subject to known and unknown risks and uncertainties, which may cause our actual results, performance, or achievements to be materially different from those expressed or implied in the forward-looking statements.

Such risks and uncertainties include those described throughout this quarterly report, including in Part II - Item 1A. "Risk Factors" below and Part I - Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" below. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. You should carefully read this quarterly report and the documents that we reference in this quarterly report and have filed as exhibits, as well as other documents we file from time to time with the Securities and Exchange Commission, with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements in this quarterly report represent our estimates and assumptions only as of the date of this quarterly report. Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those expressed or implied in any forward-looking statements, even if new information becomes available in the future.

All references in this report to "Omnicell," "our," "us," "we," or the "Company" collectively refer to Omnicell, Inc., a Delaware corporation, and its subsidiaries. The term "Omnicell, Inc.," refers only to Omnicell, Inc., excluding its subsidiaries.

We own various trademarks and service marks used in our business, including the following registered and unregistered marks which appear in this report: Omnicell®, the Omnicell logo, Ateb®, InPharmics®, Aesynt®, and Performance Center™. This report also includes the trademarks and service marks of other companies. All other trademarks and service marks used in this report are the marks of their respective holders.

OVERVIEW

Our Business

We are a leading provider of medication management automation solutions and adherence tools for healthcare systems and pharmacies. As we build on the vision of the autonomous pharmacy - a more fully automated and digitized system of medication management - we believe we will further help enable healthcare providers to improve patient safety, increase efficiency, lower costs, tighten regulatory compliance, and address population health challenges.

Over 6,000 facilities worldwide use our automation and analytics solutions to help increase operational efficiency, reduce medication errors, deliver actionable intelligence, and improve patient safety. More than 40,000 institutional and retail pharmacies across North America and the United Kingdom leverage our innovative medication adherence and population health solutions to improve patient engagement and adherence to prescriptions, helping to reduce costly hospital readmissions. We sell our product and consumable solutions together with related service offerings. Revenues generated in the United States represented 89% and 90% of our total revenues for the three months ended June 30, 2020 and 2019, respectively, and 90% and 89% of our total revenues for the six months ended June 30, 2020 and 2019, respectively.

Over the past several years, our business has expanded from a single-point solution to a platform of products and services that will help to further the vision of the autonomous pharmacy. This has resulted in larger deal sizes across multiple products and installations for customers and, we believe, more comprehensive, valuable, and enduring relationships.

We utilize product bookings as an indicator of the success of our business. Product bookings consist of all firm orders, as evidenced generally by a non-cancelable contract and purchase order for equipment and software products, and by a purchase order for consumables. Equipment and software product bookings are generally installable within twelve months of booking,

and other than sales based on subscription services, generally recorded as revenue upon customer receipts of goods or acceptance of the installation.

In addition to product solution sales, we provide services to our customers. We provide installation planning and consulting as part of most product sales which is included in the initial price of the solution. To help assure the maximum availability of our systems, our customers typically purchase maintenance and support contracts in increments of one to five years. As a result of the growth of our installed base of customers, our service revenues have also grown.

Our full-time headcount was approximately 2,780 and 2,700 on June 30, 2020 and December 31, 2019, respectively.

We have not in the past sold, and have no future plans to sell, our products, either directly or indirectly, to customers located in countries that are identified as state sponsors of terrorism by the U.S. Department of State, or those subject to economic sanctions and export controls.

Operating Segments

We manage our operations as a single segment for the purposes of assessing performance and making operating decisions. Our Chief Operating Decision Maker ("CODM") is our Chief Executive Officer. The CODM allocates resources and evaluates the performance of Omnicell at the consolidated level using information about its revenues, gross profit, income from operations, and other key financial data. All significant operating decisions are based upon an analysis of Omnicell as one operating segment, which is the same as our reporting segment.

Strategy

We are committed to being the care provider’s most trusted partner and executing on the vision of the autonomous pharmacy by delivering automation, intelligence, and services designed to transform the pharmacy care delivery model, helping to dramatically improve outcomes and lower costs for our healthcare partners. We believe there are significant challenges in pharmacy that drive the demand for our solutions and represent large market opportunities in three product categories:

- **Point of Care.** As a market leader, we expect to continue expansion of this product category as customers increase use of our dispensing systems in more areas within their hospitals. In addition, we are early in the replacement cycle of our XT Series automated dispensing systems which we believe is a significant market opportunity and we expect to continue to focus on further penetrating markets through competitive conversion. We believe our current portfolio within the Point of Care market and new innovation and services will continue to drive improved outcomes and lower costs for our customers.
- **Central Pharmacy.** This market represents the beginning of the medication management process in Acute Care Settings, and, we believe, the next big automation opportunity to replace manual and repetitive processes which are common in the pharmacy today. Manual processes are prone to significant errors, and products such as our IV sterile compounding solutions and XR2 Automated Central Pharmacy system automate these manual processes and are designed to reduce the risk of error for our healthcare partners. We believe new products and innovation in the Central Pharmacy market create opportunities to replace prior generation Central Pharmacy robotics and carousels. The Central Pharmacy also represents an opportunity to provide technology enabled services designed to reduce the administrative burden on the pharmacy and allow clinicians to operate at the top of their license.
- **Retail, Institutional, and Payer.** We believe the Retail, Institutional, and Payer market represents a large opportunity as the majority of drugs are distributed in the non-acute sector. New technology is leading to innovation at traditional retail providers, which combined with the move to value-based care results, we believe will incentivize the market to adopt solutions to help providers and payers engage patients in new ways that lower the total cost of care. We believe adoption of our Population Health Solutions portfolio of software products and services, along with medication adherence packaging, will increase adherence performance rates, increase prescription volume for our customers and reduce hospital and emergency room visits due to improved adherence.

We believe our technology, services, and solutions within these three product categories position us well to address the needs of retail, acute, and post-acute pharmacy providers.

Omnicell’s Response to Coronavirus (COVID-19)

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and a U.S national emergency. Efforts to contain the spread of COVID-19 continue, with the implementation of travel restrictions, shelter-in-place orders, business closures and suspensions, cancelled events, and social distancing. Countries and territories are in varying stages of restrictions and re-opening in response to the COVID-19 pandemic, and certain jurisdictions have begun re-opening only to return to restrictions due to increasing levels of COVID-19 cases.

Keeping in mind our role in the healthcare industry, we are continuing to closely monitor the COVID-19 pandemic. Our top priorities remain protecting the health and well-being of our customers, their patients, and our employees, while maintaining business continuity to meet the needs of our customers. In order to operate in a safe manner, we are following the health and safety guidelines of the U.S. Centers for Disease Control and Prevention, and local and state public health departments in each of the regions where we operate. All of our manufacturing, distribution, and other facilities are operating under these guidelines. Our manufacturing and distribution facilities have remained open due to our qualification as an essential business and to date, we have not experienced disruptions in our manufacturing activities. In addition to increased cleaning and disinfection processes at our manufacturing facilities, we continue to adhere to alternative scheduling procedures to enhance social distancing protocols. We have also procured and distributed personal protective equipment ("PPE") to our customer-facing and manufacturing personnel consistent with guidelines we developed to help ensure proper distribution and use of such PPE. The vast majority of our non-manufacturing and non-customer facing personnel have transitioned to a work from home environment.

To support the needs of our customers on the frontline of the pandemic, during the first quarter of 2020, we launched a Rapid Response program to fast-track production and deployment of our XT Series automated dispensing systems to our customers. We streamlined our ordering and installation processes with preconfigured XT Series medication and supply dispensing systems designed to offer our customers flexibility and maximum emergency impact. We believe these models have ample capacity and flexibility to meet a wide variety of needs of our customers, while maintaining security, safety, and workflow efficiency. In addition, to minimize the need for on-site visits and respect social distancing protocols, we are providing remote service options, training programs, and product demonstrations for our customers, leveraging technology to enable our sales team to operate in a remote sales environment, as well as providing our customers with options to self-install certain automation products.

From a supply chain perspective, we are working closely with our vendors to help ensure we are able to source key components and maintain appropriate inventory levels to meet customer demand. Although we have not experienced disruptions in our supply chain to date, we cannot predict how long the pandemic and measures intended to contain the spread of COVID-19 will continue and what effect COVID-19 and the associated containment measures will have on our suppliers and vendors, in particular for any of our suppliers and vendors that may not qualify as essential businesses and suffer more significant disruptions to their business operations.

Health systems, particularly in areas experiencing higher levels of COVID-19 cases, continue to face increased costs due to large surge expenditures to cover COVID-19 caseload and increasing prices for needed equipment, decreased revenue due to cancelled or postponed elective procedures and other reduced demand, as well as cash flow challenges. We believe these financial pressures have led our customers to delay or defer purchasing decisions and/or implementation of our solutions and expect that our customers may continue such delays and deferrals for the near to medium-term future. Moreover, the COVID-19 pandemic and measures to contain its impact have caused material disruptions in both national and global financial markets and economies. During the second quarter of 2020, we continued to see some delays in product bookings and expect to see lower product bookings and revenues during the fiscal year 2020 compared to management's expectations prior to the COVID-19 outbreak. Additionally, our ability to access hospitals in order to perform implementations of capital equipment has been delayed in some cases, as many hospitals are consumed with treating sick patients. While the environment continues to change rapidly, we are beginning to see more positive indicators for our business in terms of both product bookings and revenues. In many regions, elective surgeries have resumed, and we have been able to resume some on-site sales activities in regions less impacted by COVID-19. Additionally, the overall level of system implementations has also been increasing. Based on management's current expectations, we believe that the product bookings and revenues in the second quarter of 2020 represent the lowest quarter of 2020, and we expect that product bookings and revenues will increase sequentially through the third and fourth quarters of 2020. In response to the COVID-19 pandemic, we have implemented and continue to focus on cost reduction initiatives in all aspects of our business, including, but not limited to, reduced travel costs, decreases certain in employee-related expenses, negotiating discounts with vendors, and delayed hiring and capital expenditures. Furthermore, during the second quarter of 2020, in addition to continuing our previously announced organizational realignment initiative to further align our organizational infrastructure and operations with the strategic vision of the autonomous pharmacy, we initiated a restructuring plan to help mitigate the adverse impact of the COVID-19 pandemic on our business and financial results.

In addition, on March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law in response to the COVID-19 pandemic, and provides tax relief to businesses. The CARES Act includes deferral of certain payroll taxes, relief for retaining employees, and certain other provisions. Although the provisions of the CARES Act did not have a material impact on our income taxes, we are currently benefiting from the deferral of certain payroll taxes through the end of fiscal year 2020.

While our fiscal year 2020 results will be impacted by the challenges and opportunities brought on by the COVID-19 pandemic, we remain confident in the overall health of our business, in our ability to navigate through these unusual times, and

in our ability to continue to execute on our long-term strategy, as we believe our customers and potential customers are increasingly embracing the vision of a fully autonomous pharmacy. However, the full impact of the COVID-19 pandemic and related containment measures cannot be predicted and to date, the COVID-19 pandemic and related containment measures have adversely affected and we expect they may continue to adversely affect, perhaps materially, our business, results of operations, financial condition, and liquidity.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

We believe the following critical accounting policies are affected by significant judgments and estimates used in the preparation of our Condensed Consolidated Financial Statements:

- Revenue recognition;
- Allowance for credit losses for accounts receivable, unbilled receivables, and net investment in sales-type leases;
- Leases;
- Inventory;
- Software development costs;
- Impairment of goodwill and intangible assets;
- Share-based compensation; and
- Accounting for income taxes.

There were no material changes in the matters for which we make critical accounting estimates in the preparation of our Condensed Consolidated Financial Statements during the six months ended June 30, 2020 as compared to those disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our annual report on Form 10-K for the year ended December 31, 2019, except as discussed in "Recently Adopted Authoritative Guidance" in Note 1, *Organization and Summary of Significant Accounting Policies*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report.

Recently Issued Authoritative Guidance

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

RESULTS OF OPERATIONS

Total Revenues

	Three Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Product revenues	$ 138,942	$ 158,379	$ (19,437)	(12)%
Percentage of total revenues	*70%*	*73%*		
Services and other revenues	60,679	59,034	1,645	3%
Percentage of total revenues	*30%*	*27%*		
Total revenues	$ 199,621	$ 217,413	$ (17,792)	(8)%

Product revenues represented 70% and 73% of total revenues for the three months ended June 30, 2020 and 2019, respectively. Product revenues decreased by $19.4 million, primarily due to the impact of the COVID-19 pandemic as health systems have been focusing resources on COVID-19 essential activities during the second quarter of 2020.

Services and other revenues represented 30% and 27% of total revenues for the three months ended June 30, 2020 and 2019, respectively. Services and other revenues include revenues from service and maintenance contracts, and rentals of automation systems. Services and other revenues increased by $1.6 million, primarily due to an increase in our installed customer base for our XT Series automated dispensing systems and IV solutions.

Our international sales represented 11% and 10% of total revenues for the three months ended June 30, 2020 and 2019, respectively, and are expected to be affected by foreign currency exchange rate fluctuations. We are unable to predict the extent to which revenues in future periods will be impacted by changes in foreign currency exchange rates.

	Six Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Product revenues	$ 309,015	$ 303,989	$ 5,026	2%
Percentage of total revenues	*72%*	*72%*		
Services and other revenues	120,292	115,941	4,351	4%
Percentage of total revenues	*28%*	*28%*		
Total revenues	$ 429,307	$ 419,930	$ 9,377	2%

Product revenues represented 72% of total revenues for both the six months ended June 30, 2020 and 2019. Product revenues increased by $5.0 million, primarily due to the growth of XT Series automated dispensing systems as a result of increased XT Series upgrades from the previous generation of product, competitive conversions, and other add-on equipment, partially offset by lower revenues due to the impact of the COVID-19 pandemic as health systems have been focusing resources on COVID-19 essential activities during the second quarter of 2020.

Services and other revenues represented 28% of total revenues for both the six months ended June 30, 2020 and 2019. Services and other revenues include revenues from service and maintenance contracts, and rentals of automation systems. Services and other revenues increased by $4.4 million, primarily due to an increase in our installed customer base for our XT Series automated dispensing systems and IV solutions.

Our international sales represented 10% and 11% of total revenues for the six months ended June 30, 2020 and 2019, respectively, and are expected to be affected by foreign currency exchange rate fluctuations. We are unable to predict the extent to which revenues in future periods will be impacted by changes in foreign currency exchange rates.

Our ability to continue to grow revenues is dependent on our ability to continue to obtain orders from customers, our ability to produce quality products and consumables to fulfill customer demand, the volume of installations we are able to complete, our ability to meet customer needs by providing a quality installation experience, and our flexibility in manpower allocations among customers to complete installations on a timely basis. The timing of our product revenues for equipment is primarily dependent on when our customers' schedules allow for installations.

The effects of the COVID-19 pandemic have had an adverse impact on our revenues for the three months ended June 30, 2020. The pandemic continues to create uncertainties related to delays in installations and potential reductions in hospitals' capital and overall spending in the near to medium-term future, and depending on the severity and duration of the COVID-19 pandemic and related containment measures, potentially into the longer-term. During the second quarter of 2020, we continued to see some delays in product bookings and expect to see lower product bookings and revenues during the fiscal year 2020 compared to management's expectations prior to the COVID-19 outbreak. While the environment continues to change rapidly and there are uncertainties related to delays in installations and potential reductions in hospitals' capital and overall spending, we are beginning to see more positive indicators for our business in terms of both product bookings and revenues. In many regions, elective surgeries have resumed, and we have been able to resume some on-site sales activities in regions less impacted by COVID-19. Additionally, the overall level of system implementations has also been increasing. Based on management's current expectations, we believe that the product bookings and revenues in the second quarter of 2020 represent the lowest quarter of 2020, and we expect that product bookings and revenues will increase sequentially through the third and fourth quarters of 2020. We cannot estimate the full extent to which the COVID-19 pandemic will impact our revenues in future periods.

Cost of Revenues and Gross Profit

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

	Three Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Cost of revenues:				
Cost of product revenues	$ 85,779	$ 84,583	$ 1,196	1%
As a percentage of related revenues	*62%*	*53%*		
Cost of services and other revenues	30,617	28,785	1,832	6%
As a percentage of related revenues	*50%*	*49%*		
Total cost of revenues	$ 116,396	$ 113,368	$ 3,028	3%
As a percentage of total revenues	*58%*	*52%*		
Gross profit	$ 83,225	$ 104,045	$ (20,820)	(20)%
Gross margin	*42%*	*48%*		

Cost of revenues for the three months ended June 30, 2020 compared to the three months ended June 30, 2019 increased by $3.0 million, of which $1.2 million was attributed to the increase in cost of product revenues and $1.8 million was attributed to the increase in cost of services and other revenues. The increase in cost of product revenues was primarily driven by certain fixed costs, such as labor and overhead, which have not decreased proportionally with the decrease in product revenues for the three months ended June 30, 2020, as well as an increase in employee-related expenses related to restructuring initiatives, partially offset by cost-saving initiatives. The increase in cost of services and other revenues was primarily driven by the increase in services and other revenues of $1.6 million for the three months ended June 30, 2020 compared to the three months ended June 30, 2019, as well as additional investments in our service business to support new product offerings.

The overall decrease in gross margin primarily relates to lower revenues due to the impact of the COVID-19 pandemic and employee-related expenses related to restructuring initiatives, partially offset by lower costs associated with cost-saving initiatives. Our gross profit for the three months ended June 30, 2020 was $83.2 million, as compared to $104.0 million for the three months ended June 30, 2019.

	Six Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Cost of revenues:				
Cost of product revenues	$ 176,051	$ 163,394	$ 12,657	8%
As a percentage of related revenues	*57%*	*54%*		
Cost of services and other revenues	60,409	55,374	5,035	9%
As a percentage of related revenues	*50%*	*48%*		
Total cost of revenues	$ 236,460	$ 218,768	$ 17,692	8%
As a percentage of total revenues	*55%*	*52%*		
Gross profit	$ 192,847	$ 201,162	$ (8,315)	(4)%
Gross margin	*45%*	*48%*		

Cost of revenues for the six months ended June 30, 2020 compared to the six months ended June 30, 2019 increased by $17.7 million, of which $12.7 million was attributed to the increase in cost of product revenues and $5.0 million was attributed to the increase in cost of services and other revenues. The increase in cost of product revenues is reflective of investments made to support expected annual revenue levels which were impacted by the COVID-19 pandemic. While product revenues increased by $5.0 million for the six months ended June 30, 2020, cost of product revenues increased by $12.7 million primarily driven by certain fixed costs, such as labor and overhead. The increase in cost of product revenues was also driven by an increase in employee-related expenses related to restructuring initiatives, partially offset by cost-saving initiatives. The increase in cost of services and other revenues was primarily driven by the increase in services and other revenues of $4.4 million for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, as well as additional investments in our service business to support new product offerings.

The overall decrease in gross margin primarily relates to lower revenues during the three months ended June 30, 2020 due to the impact of the COVID-19 pandemic, employee-related expenses related to restructuring initiatives, and additional investments in our service business, partially offset by lower costs associated with cost-saving initiatives. Our gross profit for the six months ended June 30, 2020 was $192.8 million, as compared to $201.2 million for the six months ended June 30, 2019.

The effects of the COVID-19 pandemic have had an adverse impact on our cost of revenues and gross margins for the three months ended June 30, 2020. We continue to expect to incur additional costs related to the COVID-19 pandemic including, but not limited to, additional compensation for certain essential employees and the purchase of personal protective equipment for our customer-facing and manufacturing personnel. However, the full impact the COVID-19 pandemic will have on gross margins cannot be estimated.

Operating Expenses and Interest and Other Income (Expense), Net

	Three Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Operating expenses:				
Research and development	$ 20,830	$ 16,848	$ 3,982	24%
As a percentage of total revenues	*10%*	*8%*		
Selling, general, and administrative	69,386	68,434	952	1%
As a percentage of total revenues	*35%*	*31%*		
Total operating expenses	$ 90,216	$ 85,282	$ 4,934	6%
As a percentage of total revenues	*45%*	*39%*		
Interest and other income (expense), net	$ 174	$ (1,629)	$ 1,803	(111)%

Research and Development. Research and development expenses increased by $4.0 million for the three months ended June 30, 2020 compared to the three months ended June 30, 2019. The increase was primarily attributed to an increase of $2.9

million in employee-related expenses related to restructuring initiatives, as well as an increase of $0.7 million in other employee-related expenses in the research and development function.

Selling, General, and Administrative. Selling, general, and administrative expenses increased by $1.0 million for the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily due to overall growth of operations and increase in overall headcount. The increase was primarily due to an increase of $4.0 million in employee-related expenses primarily related to increased headcount and an increase of $0.9 million of employee-related expenses related to restructuring initiatives, partially offset by certain cost savings, including reduced travel costs, and lower commission expenses attributable to lower bookings and revenues.

Interest and Other Income (Expense), Net. Interest and other income (expense), net changed by $1.8 million for the three months ended June 30, 2020 compared to the three months ended June 30, 2019, primarily driven by a $1.8 million decrease in other expenses as other income remained consistent period over period. The decrease in other expenses was primarily due to lower interest expense as a result of lower outstanding debt balance during the three months ended June 30, 2020 as compared to the three months ended June 30, 2019 as well as favorable foreign currency fluctuations during the period.

	Six Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Operating expenses:				
Research and development	$ 39,482	$ 32,926	$ 6,556	20%
As a percentage of total revenues	*9%*	*8%*		
Selling, general, and administrative	148,205	136,712	11,493	8%
As a percentage of total revenues	*35%*	*33%*		
Total operating expenses	$ 187,687	$ 169,638	$ 18,049	11%
As a percentage of total revenues	*44%*	*40%*		
Interest and other income (expense), net	$ (648)	$ (3,039)	$ 2,391	(79)%

Research and Development. Research and development expenses increased by $6.6 million for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase was primarily attributed to an increase of $3.7 million in employee-related expenses related to restructuring initiatives, as well as an increase of $1.8 million in other employee-related expenses in the research and development function. The increased spend is a result of our continued investments into automation, intelligence, and the cloud data platform.

Selling, General, and Administrative. Selling, general, and administrative expenses increased by $11.5 million for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to overall growth of operations and increase in overall headcount. The increase was primarily due to an increase of $10.5 million in employee-related expenses primarily related to increased headcount, an increase of $3.7 million in employee-related expenses related to restructuring initiatives, and an increase of $1.5 million in consulting expenses, partially offset by certain cost savings, including reduced travel costs, and lower commission expenses attributable to lower bookings and revenues.

In response to the COVID-19 pandemic, we have implemented and continue to focus on cost reduction initiatives in all aspects of our business, including, but not limited to, reduced travel costs, decreases in employee-related expenses, negotiating discounts with vendors, and delayed hiring and capital expenditures. However, we cannot predict the full impact of the COVID-19 pandemic on our operating expenses.

Interest and Other Income (Expense), Net. Interest and other income (expense), net changed by $2.4 million for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily driven by a $1.9 million decrease in other expenses and a $0.5 million increase in other income. The decrease in other expenses was primarily due to lower interest expense as a result of lower outstanding debt balance during the six months ended June 30, 2020 as compared to the six months ended June 30, 2019. The increase in other income was primarily attributable to rebates and benefits from certain arrangements outside of our normal course of business.

Provision for (Benefit from) Income Taxes

	Three Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Provision for (benefit from) income taxes	$ (2,518)	$ 1,158	$ (3,676)	(317)%

	Six Months Ended June 30,			
			Change in	
	2020	2019	$	%
	(Dollars in thousands)			
Provision for (benefit from) income taxes	$ (2,500)	$ 9,225	$ (11,725)	(127)%

Our annual effective tax rate before discrete items was 28.0% and 24.8% for the six months ended June 30, 2020 and 2019, respectively. The increase in the estimated annual effective tax rate for the six months ended June 30, 2020 compared to the same period in 2019 was primarily due to state income taxes and non-deductible equity charges, partially offset by an increase in research and development credits.

Provision for income taxes for the six months ended June 30, 2020 included net discrete income tax benefit of $3.8 million, primarily due to a $3.3 million tax benefit from equity compensation.

Provision for income taxes for the six months ended June 30, 2019 included net discrete income tax expense of $2.2 million. The net discrete income tax expense is primarily related to recognized gain on the sale of certain intellectual property rights by Aesynt B.V. to Omnicell, Inc. in the first quarter of 2019, offset by a discrete income tax benefit of $7.0 million related to equity compensation. In March 2020, Aesynt B.V. subsequently merged with and into Aesynt Holding B.V., with Aesynt Holding B.V. surviving and changing its name to Omnicell B.V.

Refer to Note 12, *Income Taxes*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report for more details.

LIQUIDITY AND CAPITAL RESOURCES

We had cash and cash equivalents of $133.6 million at June 30, 2020 compared to $127.2 million at December 31, 2019. All of our cash and cash equivalents are invested in bank accounts with major financial institutions.

Our cash position and working capital at June 30, 2020 and December 31, 2019 were as follows:

	June 30, 2020	December 31, 2019
	(In thousands)	
Cash	$ 133,583	$ 127,210
Working Capital	$ 228,602	$ 246,242

Our ratio of current assets to current liabilities was 2.0:1 at both June 30, 2020 and December 31, 2019.

Sources of Cash

Credit Agreements

On January 5, 2016, we entered into a $400.0 million senior secured credit facility pursuant to a credit agreement with certain lenders, Wells Fargo Securities, LLC as sole lead arranger, and Wells Fargo Bank, National Association, as administrative agent (as subsequently amended as discussed below, the “Prior Credit Agreement”). The Prior Credit Agreement provided for a $200.0 million term loan facility (the “Prior Term Loan Facility”), and prior to the amendment discussed below, a $200.0 million revolving credit facility (the “Prior Revolving Credit Facility” and together with the Prior Term Loan Facility, the “Prior Facilities”). In addition, the Prior Credit Agreement included a letter of credit sub-limit of up to $10.0 million and a swing line loan sub-limit of up to $10.0 million.

On April 11, 2017 and December 26, 2017, we entered into amendments to the Prior Credit Agreement. Under these amendments, the Prior Revolving Credit Facility was increased from $200.0 million to $315.0 million and certain other modifications were made.

On November 15, 2019, we refinanced the Prior Credit Agreement and entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with the lenders from time to time party thereto, Wells Fargo Securities, LLC, Citizens Bank, N.A., and JPMorgan Chase Bank, N.A., as joint lead arrangers and Wells Fargo Bank, National Association, as administrative agent. The A&R Credit Agreement replaced the Prior Credit Agreement and provides for (a) a five-year revolving credit facility of $500.0 million (the "Current Revolving Credit Facility") and (b) an uncommitted incremental loan facility of up to $250.0 million. In addition, the A&R Credit Agreement includes a letter of credit sub-limit of up to $15.0 million and a swing line loan sub-limit of up to $25.0 million. On November 15, 2019, the $80.0 million outstanding term loan balance under the Prior Facilities was transferred to the Current Revolving Credit Facility.

As of June 30, 2020, there was no outstanding loan balance for the Current Revolving Credit Facility and we were in full compliance with all covenants. Refer to Note 8, *Debt and Credit Agreements*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report. We expect to use future loans under the Current Revolving Credit Facility, if any, for working capital, potential acquisitions, and other general corporate purposes.

Distribution Agreement

On November 3, 2017, we entered into a Distribution Agreement (the "Distribution Agreement") with J.P. Morgan Securities LLC, Wells Fargo Securities, LLC and HSBC Securities (USA) Inc., as our sales agents, pursuant to which we may offer and sell from time to time through the sales agents up to $125.0 million maximum aggregate offering price of our common stock. Sales of the common stock pursuant to the Distribution Agreement may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings as defined in Rule 415 under the Securities Act of 1933, including sales made directly on the Nasdaq Stock Market, or sales made to or through a market maker other than on an exchange. We intend to use the net proceeds from the sale, if any, of common stock in the offering for general corporate purposes, which may include, without limitation, the acquisition of complementary businesses, the repayment of outstanding indebtedness, capital expenditures, and working capital.

For the three and six months ended June 30, 2020, we did not sell any of our common stock under the Distribution Agreement.

For the three months ended June 30, 2019, we received gross proceeds of $17.9 million from sales of our common stock under the Distribution Agreement and incurred issuance costs of $0.3 million on sales of approximately 217,000 shares of our common stock at an average price of approximately $82.51 per share.

For the six months ended June 30, 2019, we received gross proceeds of $38.5 million from sales of our common stock under the Distribution Agreement and incurred issuance costs of $0.7 million on sales of approximately 460,000 shares of our common stock at an average price of approximately $83.81 per share.

As of June 30, 2020, we had an aggregate of $31.5 million available to be offered under the Distribution Agreement.

Uses of Cash

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

Our stock repurchase programs have a total of $54.9 million remaining for future repurchases as of June 30, 2020, which may result in additional use of cash. Refer to "Stock Repurchase Program" under Note 13, *Employee Benefits and Share-Based Compensation*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report. There were no stock repurchases during the six months ended June 30, 2020 and 2019.

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

We believe that our current financial position and resources will allow us to manage the anticipated impact of the COVID-19 pandemic on our business for the foreseeable future, including any potential changes in timing of revenue recognition or potential extensions in customer payments. However, COVID-19 and related measures to contain its impact have caused material disruptions in both national and global financial markets and economies. The future impact of COVID-19 and these containment measures cannot be predicted with certainty and may increase our borrowing costs and other costs of capital and otherwise adversely affect our business, results of operations, financial condition, and liquidity, and we cannot assure that

we will have access to external financing at times and on terms we consider acceptable, or at all, or that we will not experience other liquidity issues going forward.

Cash Flows

The following table summarizes, for the periods indicated, selected items in our Condensed Consolidated Statements of Cash Flows:

	Six Months Ended June 30,	
	2020	2019
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ 72,735	$ 53,760
Investing activities	(33,213)	(31,950)
Financing activities	(32,308)	(1,583)
Effect of exchange rate changes on cash and cash equivalents	(841)	63
Net increase in cash and cash equivalents	$ 6,373	$ 20,290

Operating Activities

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

Net cash provided by operating activities was $72.7 million for the six months ended June 30, 2020, primarily consisting of net income of $7.0 million adjusted for non-cash items of $47.0 million and changes in assets and liabilities of $18.7 million. The non-cash items primarily consisted of depreciation and amortization expense of $28.8 million, share-based compensation expense of $22.0 million, amortization of operating lease right-of-use assets of $5.2 million, amortization of debt issuance costs of $0.5 million, and a change in deferred income taxes of $9.4 million. Changes in assets and liabilities include cash inflows from (i) a decrease in accounts receivable and unbilled receivables of $28.2 million primarily due to an increase in collections and a decrease in billings due to timing of shipments, (ii) an increase in deferred revenues of $16.3 million primarily due to the timing of shipments in order to meet customers' implementation schedules and recognition of revenues for product requiring installation, (iii) an increase in other long-term liabilities of $4.4 million, (iv) a decrease in prepaid commissions of $4.0 million, and (v) a decrease in prepaid expenses of $1.2 million. These cash inflows were partially offset by (i) a decrease in accounts payable of $11.3 million primarily due to an overall decrease in spending, as well as timing of payments, (ii) an increase in inventories of $7.3 million to support forecasted sales, (iii) a decrease in operating lease liabilities of $5.2 million, (iv) an increase in other long-term assets of $4.6 million, (v) a decrease in accrued compensation of $3.1 million, (vi) a decrease in accrued liabilities of $2.8 million, and (vii) an increase in investment in sales-type leases of $1.4 million.

Net cash provided by operating activities was $53.8 million for the six months ended June 30, 2019, primarily consisting of net income of $19.3 million adjusted for non-cash items of $53.1 million, offset by changes in assets and liabilities of $18.6 million. The non-cash items primarily consisted of depreciation and amortization expense of $25.9 million, share-based compensation expense of $16.7 million, amortization of operating lease right-of-use assets of $5.2 million, amortization of debt issuance costs of $1.1 million, and a change in deferred income taxes of $3.8 million. Changes in assets and liabilities include cash outflows from (i) an increase in accounts receivable and unbilled receivables of $9.2 million primarily due to an increase in billings, (ii) a decrease in accrued compensation of $8.0 million primarily due to a decrease in accrued commissions and restructuring expenses, as well as timing of payroll, (iii) a decrease in operating lease liabilities of $5.3 million, (iv) an increase in inventories of $4.5 million for inventory buildup in support of forecasted sales of new and existing products, and (v) an increase in investment in sales-type leases of $4.4 million. These cash outflows were partially offset by (i) an increase in other long-term liabilities of $3.9 million, (ii) a decrease in other long-term assets of $3.1 million, (iii) an increase in accounts payable of $2.1 million, (iv) an increase in accrued liabilities of $1.8 million, (v) a decrease in prepaid commissions of $1.5 million, and (vi) a decrease in prepaid expenses of $1.0 million.

Investing Activities

Net cash used in investing activities was $33.2 million for the six months ended June 30, 2020, which consisted of capital expenditures of $13.2 million for property and equipment, and $20.0 million for costs of software development for external use.

Net cash used in investing activities was $32.0 million for the six months ended June 30, 2019, which consisted of capital expenditures of $9.4 million for property and equipment, and $22.6 million for costs of software development for external use.

Financing Activities

Net cash used in financing activities was $32.3 million for the six months ended June 30, 2020, primarily due to the repayment of $50.0 million of the Current Revolving Credit Facility and $3.5 million in employees' taxes paid related to restricted stock unit vesting, partially offset by $21.2 million in proceeds from employee stock option exercises and employee stock plan purchases.

Net cash used in financing activities was $1.6 million for the six months ended June 30, 2019, primarily due to the repayment of $60.0 million of the Prior Facilities and $4.7 million in employees' taxes paid related to restricted stock unit vesting, partially offset by $25.3 million in proceeds from employee stock option exercises and employee stock plan purchases, and $37.8 million of proceeds from sales of our common stock under the Distribution Agreement.

Contractual Obligations

There have been no significant changes during the six months ended June 30, 2020 to the contractual obligations disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II, Item 7, of our annual report on Form 10-K for the year ended December 31, 2019.

Contractual obligations as of June 30, 2020 were as follows:

	Payments due by period				
	Total	Remainder of 2020	2021 - 2022	2023 - 2024	2025 and thereafter
			(In thousands)		
Operating leases [1]	$ 69,647	$ 6,890	$ 25,868	$ 16,719	$ 20,170
Purchase obligations [2]	66,313	64,679	848	689	97
Total [3]	$ 135,960	$ 71,569	$ 26,716	$ 17,408	$ 20,267

[1] Commitments under operating leases relate primarily to leased office buildings, data centers, office equipment, and vehicles. Refer to Note 10, *Lessee Leases*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report.

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

[3] Refer to Note 11, *Commitments and Contingencies*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report.

Off-Balance Sheet Arrangements

As of June 30, 2020, we had no off-balance sheet arrangements as defined under Regulation S-K 303(a)(4) of the Exchange Act and the instructions thereto.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks related to fluctuations in foreign currency exchange rates and interest rates.

Foreign Currency Exchange Risk

We operate in foreign countries which expose us to market risk associated with foreign currency exchange rate fluctuations between the U.S. dollar and various foreign currencies, the most significant of which are the British Pound and the Euro. In order to manage foreign currency risk, at times we enter into foreign exchange forward contracts to mitigate risks associated with changes in spot exchange rates of mainly non-functional currency denominated assets or liabilities of our foreign subsidiaries. In general, the market risk related to these contracts is offset by corresponding gains and losses on the hedged transactions. By working only with major banks and closely monitoring current market conditions, we seek to limit the risk that counterparties to these contracts may be unable to perform. We do not enter into derivative contracts for trading purposes. As of June 30, 2020, we did not have any outstanding foreign exchange forward contracts.

Interest Rate Fluctuation Risk

We are exposed to interest rate risk through our borrowing activities. As of June 30, 2020, there was no outstanding balance under the A&R Credit Agreement. Refer to Note 8, *Debt and Credit Agreements*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report.

We use interest rate swap agreements to protect against adverse fluctuations in interest rates by reducing our exposure to variability in cash flows relating to interest payments on a portion of our outstanding debt. Our interest rate swaps, which are designated as cash flow hedges, involve the receipt of variable amounts from counterparties in exchange for us making fixed-rate payments over the life of the agreements. We do not hold or issue any derivative financial instruments for speculative trading purposes. As of June 30, 2020, we did not have any outstanding interest rate swap agreements. Our interest rate swap agreement matured during the second quarter of 2019.

There were no significant changes in our market risk exposures during the six months ended June 30, 2020 as compared to the market risk exposures disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II, Item 7A, of our annual report on Form 10-K for the year ended December 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

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

Limitations on Effectiveness of Controls

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

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the three months ended June 30, 2020.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth under "Legal Proceedings" in Note 11, *Commitments and Contingencies*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report is incorporated herein by reference.

ITEM 1A. RISK FACTORS

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

In assessing these risks, you should also refer to other information contained in this quarterly report on Form 10-Q, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Condensed Consolidated Financial Statements and related Notes. We have marked with an asterisk (*) those risks, when applicable, that reflect substantive changes from, or additions to, the risks described in our annual report on Form 10-K for the year ended December 31, 2019, if any.

We face risks related to outbreaks of contagious diseases or other adverse public health epidemics, including the ongoing global novel coronavirus (COVID-19) pandemic, which has had an adverse effect and, depending on the severity and duration of the COVID-19 pandemic, could have a material adverse effect on our business, financial condition, and results of operations.*

As a global provider of solutions for healthcare systems, our business may be adversely impacted by public health crises such as the ongoing global COVID-19 pandemic. In December 2019, an outbreak of the coronavirus which causes COVID-19 was first reported in Wuhan, China. The contagious disease spread to most of the countries in the world and throughout the United States, and, in March 2020, was declared a global pandemic by the World Health Organization and a U.S. national emergency. In the United States and many countries across the globe, efforts to contain the spread and mitigate the impact of COVID-19 continue, with the implementation of quarantines, government restrictions on travel and movement (including shelter-in-place orders), business closures and suspensions, cancelled events and activities, social distancing and other voluntary and/or mandated changes in behavior. Countries and territories are in varying stages of restrictions and re-opening in response to the COVID-19 pandemic, and certain jurisdictions have begun re-opening only to return to restrictions due to increasing levels of COVID-19 cases. Accordingly, the duration and severity of the COVID-19 pandemic, continuing government responses thereto, and the related impacts on our business are highly uncertain and remain difficult to predict. The continued spread of COVID-19, concerns over the pandemic and related containment measures have adversely impacted our workforce and operations, as well as those of our customers and suppliers, and have had an adverse effect and, depending on the severity and duration of the ongoing COVID-19 pandemic, could have a material adverse effect on our business, financial condition, and results of operations.

In these challenging and dynamic circumstances, we are working to maintain business continuity in order to support the needs of our customers, while protecting the health and well-being of our customers, their patients and our own employees (including those who are carrying out business-critical activities, such as service, implementation, training, supply chain and certain research and development activities). We have prohibited non-essential travel while prioritizing travel that is essential to the implementation and support of our products, suspended participation in group meetings and events while leveraging remote communication technology, and the vast majority of our non-manufacturing and non-customer facing personnel have transitioned to a work from home environment. While our manufacturing and distribution facilities have remained open due to our qualification as an essential business, we have increased cleaning and disinfection processes, implemented alternative scheduling procedures at our manufacturing facilities to enhance social distancing protocols, and procured and distributed personal protective equipment ("PPE") to our customer-facing and manufacturing personnel consistent with guidelines we developed to help ensure proper distribution and use of such PPE. If significant or critical portions of our workforce are unable to work effectively, or at all, as a result of the COVID-19 pandemic, including because of illness, quarantines, facility closures, ineffective remote work arrangements or technology failures or limitations, our operations would be materially adversely impacted. In addition, we have suspended in-person participation in certain customer, industry and investor meetings and other events, or such events have been cancelled, postponed or moved to virtual-only experiences, which has reduced our ability to engage with the healthcare and investor communities, and could negatively impact our business.

To support the needs of our customers on the frontline of the COVID-19 pandemic, during the first quarter of 2020, we launched a Rapid Response program to accelerate production and deployment of our XT Series automated dispensing systems to our customers. We streamlined our ordering and installation processes with preconfigured XT Series medication and supply

dispensing systems designed to offer our customers flexibility and maximum emergency impact. However, our Rapid Response program may not meet customer expectations. In addition, to minimize the need for on-site visits and respect social distancing protocols, we are providing remote service options, training programs, and product demonstrations for our customers, leveraging technology to enable our sales team to operate in a remote sales environment, as well as providing our customers with options to self-install certain automation products. However, our remote training materials, and sales and service capabilities may be less effective than our ordinary in-person programs and service visits, which could adversely affect our relationships with new and prospective customers and harm our business.

Demand for our solutions, many of which involve a significant initial financial commitment from our customers, is largely dependent on our customers' financial strength and capital and operating budgets. As a result of the pandemic, many health systems, particularly in areas experiencing increasing levels of COVID-19 cases, continue to face increased costs due to large surge expenditures to cover COVID-19 caseload and increasing prices for needed equipment, decreased revenue due to cancelled or postponed elective procedures and other reduced demand, as well as cash flow challenges. In addition, due to social distancing concerns, our customers may cancel, defer or delay purchases or installations of our solutions in order to reduce the number of personnel entering their facilities. Decisions by our customers to cancel, defer or delay capital expenditure projects, generally reduced capital expenditures by healthcare facilities, and financial losses sustained by health systems as a result of the COVID-19 pandemic to the extent not offset by financial assistance by federal, state and/or local governments, could decrease demand for our products and related services, resulting in decreased revenue and lower revenue growth rates, which would adversely affect our operating results, perhaps materially. For example, during the second quarter of 2020, we continued to see some delays in product bookings and expect to see lower product bookings and revenues during the fiscal year 2020 compared to management's expectations prior to the COVID-19 outbreak. Furthermore, during the second quarter of 2020, in addition to continuing our previously announced organizational realignment initiative to further align our organizational infrastructure and operations with the strategic vision of the autonomous pharmacy, we initiated a restructuring plan to help mitigate the adverse impact of the COVID-19 pandemic on our business and financial results.

In addition, we cannot predict how long the pandemic and measures intended to contain the spread of COVID-19 will continue and what effect COVID-19 and the associated containment measures will have on our suppliers and vendors, in particular for any of our suppliers and vendors that may not qualify as essential businesses and may continue to suffer more significant disruptions to their business operations. Although we have not experienced any material disruptions to our supply chain to date, any future prolonged disruption to our suppliers in impacted countries and territories, whether as a result of restricted travel, quarantine requirements, or closures of factories or businesses, or otherwise, could significantly disrupt our supply chain and impact our ability to produce our products to meet customer demand, which would negatively impact our sales and operating results.

Furthermore, the COVID-19 pandemic has significantly increased economic and demand uncertainty and has led to disruption and volatility in the global capital markets, which could increase the cost of capital and adversely impact access to capital not only for us, but also for our customers and suppliers. Weak economic conditions and inability to access capital in a timely manner, or at all, could reduce our customers' demand for our products and services, which would adversely affect our operating results, perhaps materially. In addition, a recession, depression or other sustained adverse market event resulting from the pandemic could materially and adversely affect our business and the market price of our common stock.

The global COVID-19 pandemic continues to rapidly evolve, and the full extent to which COVID-19 will continue to impact our business, results of operations, and financial position will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the severity and duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions, the effectiveness of actions taken in the United States and other countries to contain and treat the disease, and the effectiveness of recent re-openings.

To the extent the COVID-19 pandemic continues to adversely affect our business and financial results, it may also have the effect of heightening certain other risks described in this "Risk Factors" section, including, but not limited to, those relating to unfavorable economic and market conditions, our ability to develop new products or enhance existing products, our need to generate sufficient cash flows to service our indebtedness, our tax rates, and our international operations.

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

Customer demand for our products is significantly linked to the strength of the economy. If decreases in demand for capital equipment caused by weak economic conditions and decreased corporate and government spending, including due to economic disruption caused by public health crises such as the COVID-19 pandemic, any effects of fiscal budget balancing at the federal level, proposed legislative changes or other uncertainties in connection with the current election year, deferrals or delays of capital equipment projects, longer time frames for capital equipment purchasing decisions, or generally reduced

expenditures for capital solutions occurs, we will experience decreased revenues and lower revenue growth rates, and our operating results could be materially and adversely affected.

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

If we fail to develop new products or enhance our existing products to react to rapid technological change and market demands in a timely and cost-effective manner, or if more newly developed solutions, such as our XT Series, XR2 Automated Central Pharmacy System, and IVX Workflow, are not adopted in the same time frame and/or quantity as we anticipate, this could have a material adverse effect on our business, financial condition, and results of operations.*

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

There is a risk that these new product developments, such as our XT Series, XR2 Automated Central Pharmacy System and IVX semi-automated workflow solution, product enhancements, or preconfigured/non-customizable product offerings such as our Rapid Response XT Series automated dispensing systems, will be late, will have technical problems, will fail to meet customer or market specifications or will not be competitive with other products using alternative technologies that offer comparable performance and functionality. For example, we experienced technical quality issues with respect to early shipments of our XT Series automated dispensing systems to customers. These issues required significant resources to analyze the source of the deficiencies and implement corrective actions. We may discover technical quality issues in the future related to new products, or product enhancements, that require analysis and corrective action, which could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

While our business strategy includes a goal of advancing our platform with new product introductions annually, we may be unable to successfully develop additional next generation products, new products or product enhancements on an annual basis or at all. Our next generation products, such as our XT Series, or any of our newer products, such as our XR2 Automated Central Pharmacy System or IVX Workflow, or product enhancements may not be accepted in new or existing markets.

Our ability to execute successfully on our recently-launched vision of a fully digitized and autonomous pharmacy depends on our ability to continue to develop and introduce new products or product enhancements, and integrate new products with existing offerings, in furtherance of this vision in a timely manner and on a cost-effective basis. If we fail to do so, we may be unable to achieve the vision of the autonomous pharmacy, we may not realize the anticipated benefits of our investments in support of this vision, and this could have a material adverse effect on our business, financial condition, and results of operations.

We operate in highly competitive markets, and we may be unable to compete successfully against new entrants and established companies with greater resources and/or existing business relationships with our current and potential customers.*

The markets in which we operate are intensely competitive. We expect continued and increased competition from current and future competitors, many of which have significantly greater financial, technical, marketing and other resources than we do. Our current direct competitors in the medication management automation solutions market include Becton, Dickinson and Company; ARxIUM; Cerner Corporation; Swisslog Healthcare as a division of KUKA; PAR Excellence Systems, Inc.; TECSYS Inc.; Baxter Healthcare Corporation; Grifols, S.A.; Willach Pharmacy Solutions; Yuyama Co., Ltd; RoboPharma B.V.; Meditech-Pharma; KLS GmbH; and Gollmann Kommissioniersysteme GmbH. Our current direct competitors in the medication adherence solutions market include Drug Package, Inc.; ARxIUM; Manchac Technologies, LLC; RX Systems, Inc.; McKesson Corporation; Digital Pharmacist Inc.; Tabula Rasa Healthcare, Inc. (through its acquisition of PrescribeWellness); Synergy Medical; Parata Systems; Medicine-On-Time; Cardinal Health, Inc.; WebsterCare; Becton, Dickinson and Company (through its BD ROWA brand); TriaTech Medical Systems Inc. (through its STOCKART brand); and JVM Co. Ltd.

The competitive challenges we face in the markets in which we operate include, but are not limited to, the following:

- certain competitors may offer or have the ability to offer a broader range of solutions in the marketplace that we are unable to match;
- certain competitors may develop alternative solutions to the customer problems our products are designed to solve that may provide a better customer outcome or a lower cost of operation;
- certain competitors may develop new features or capabilities for their products not previously offered that could compete directly with our products;
- competitive pressures could result in increased price competition for our products and services, fewer customer orders, and reduced gross margins, any of which could harm our business;
- current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including larger, more established healthcare supply companies, thereby increasing their ability to develop and offer a broader suite of products and services to address the needs of our prospective customers;
- our competitive environment has recently experienced a significant degree of consolidation which could lead to competitors developing new business models that require us to adapt how we market, sell, or distribute our products; for example, in 2018, we initiated a company-wide organizational realignment in order to align our organizational infrastructure to centrally manage our business, including the marketing, sale, and distribution of our products, in part to address the continuing consolidation in the healthcare industry;
- other established or emerging companies may enter the markets in which we operate with products and services that are preferred by our current and potential customers based on factors such as features, capabilities, or cost;
- our competitors may develop, license, or incorporate new or emerging technologies or devote greater resources to the development, promotion, and sale of their products and services than we do;
- certain competitors have greater brand name recognition and a more extensive installed base of medication management automation solutions or other products and services than we do, and such advantages could be used to increase their market share;
- certain competitors may have existing business relationships with our current and potential customers, which may cause these customers to purchase competing products and services from these competitors; and
- our competitors may secure products and services from suppliers on more favorable terms or secure exclusive arrangements with suppliers or buyers that may impede the sales of our products and services.

If we fail to compete successfully against new entrants and established companies, it could materially adversely affect our business, financial condition, results of operations, and cash flows.

Any reduction in the demand for or adoption of our medication management automation solutions, medication packaging systems, or related services would reduce our revenues.*

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

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

result of the impacts of public health crises such as the ongoing COVID-19 pandemic) could decrease demand for our medication management automation solutions, medication packaging systems, and related services, and reduce our revenues.

The transition to selling more products which include a software as a service or solution as a service subscription presents a number of risks.

We currently offer our IV compounding robots, Medication Packager products, and XR2 Automated Central Pharmacy System together with personnel to operate the equipment, through subscription agreements. We also offer Performance Center, Patient Engagement, and certain other products and solutions as a subscription and/or service. IVX Workflow also contains a payment stream as part of the license fees in its pricing structure. As we continue to execute on the autonomous pharmacy vision and grow subscription and cloud-based offerings, we may offer additional products and services on a subscription basis. The transition to selling more products and services on a subscription basis presents a number of risks. The shift requires an investment of technical, financial, compliance and sales resources, and we cannot guarantee that we will recoup the costs of such investments, or that these investments will improve our long-term growth and results of operations. If adoption of certain subscription products takes place faster than anticipated, the shift to subscription revenues from capital equipment sales will defer revenue recognition and we may experience a temporary reduction of revenues. If any of our subscription products do not substantially meet customer requirements, customers may cancel subscriptions, causing a decline in revenue. Customers may elect not to renew their subscriptions upon expiration, or they may attempt to renegotiate pricing or other contractual terms at or prior to renewal on terms that are less favorable to us. In addition, since revenue is generally recognized over the term of the subscription, any decrease in customer purchases of our subscription-based products and services will not be fully reflected in our operating results until future periods, and it will also be more difficult for us to rapidly increase our revenue through additional subscription sales in any one period.

When we experience delays in installations of our medication management automation solutions or our more complex medication packaging systems, and such delays result in delays in our ability to recognize revenue, our competitive position, results of operations, and financial condition could be harmed.*

The purchase of our medication management automation solutions or our more complex medication packaging systems is often part of a customer's larger initiative to re-engineer its pharmacy and their distribution and materials management systems. As a result, our sales cycles are often lengthy. The purchase of our systems often entails larger strategic purchases by customers that frequently require more complex and stringent contractual requirements and generally involve a significant commitment of management attention and resources by prospective customers. These larger and more complex transactions often require the input and approval of many decision-makers, including pharmacy directors, materials managers, nurse managers, financial managers, information systems managers, administrators, lawyers, and boards of directors. In addition, new product announcements, such as that of our XT Series, can cause a delay in our customers' decisions to purchase our products or convert pending orders for our older products to those of our newer products, such as the XT Series. For these and other reasons, the sales cycle associated with sales of our medication management automation solutions and our more complex medication packaging systems is often lengthy and subject to a number of delays over which we have little or no control. A delay in, or loss of, sales of these systems (including as a result of the impacts of public health crises such as the ongoing COVID-19 pandemic) could have an adverse effect upon our operating results and could harm our business.

In addition, and in part as a result of the complexities inherent in larger transactions, the time between the purchase and installation of our systems can generally range from two weeks to one year. Delays in installation can occur for reasons that are often outside of our control. We have also experienced fluctuations in our customer and transaction size mix, which makes our ability to forecast our product bookings more difficult. Because we recognize revenues for our medication management automation solutions and our more complex medication packaging systems only upon installation at a customer's site, any delay in installation (including as a result of the impacts of public health crises such as the ongoing COVID-19 pandemic) will also cause a delay in the recognition of the revenues for those systems.

We are subject to laws, regulations, and other legal obligations related to privacy, data protection, and information security, and the costs of compliance with, and potential liability associated with, our actual or perceived failure to comply with such obligations could harm our business.

We receive, store, and process personal information and other data from and about customers, in addition to our employees and services providers. In addition, our customers use our solutions to obtain and store personal information, including personal health information. For example, our customers use our Omnicell Patient Engagement platform to guide and track patient notes, interventions and appointments, which involves the collection of personal health information of patients. Our handling of data is subject to a variety of laws and regulations by state, local, and foreign agencies, as well as contractual obligations and industry standards. Regulatory focus on data privacy and security concerns continues to increase globally, and laws and regulations concerning the collection, use, and disclosure of personal information are expanding and becoming more complex. In the United States, these include federal health information privacy laws (such as the Health Insurance Portability

and Accountability Act of 1996 ("HIPAA"), discussed below), security breach notification laws, and consumer protection laws, as well as state laws addressing privacy and data security. For example, The California Consumer Privacy Act of 2018, which became effective in January 2020 and enforceable by the California Attorney General on July 1, 2020, imposes additional obligations on companies that process information on California residents.

Internationally, various foreign jurisdictions in which we operate have established, or are developing, their own data privacy and security legal framework with which we or our customers must comply. In certain cases, these international laws and regulations are more restrictive than many regulations in the United States. For example, within the European Union, the General Data Protection Regulation ("GDPR"), which became effective in May 2018, imposes more stringent data protection requirements on U.S.-based companies such as ours which receive or process personal information from EU residents, and establishes greater penalties for non-compliance. Violations of the GDPR can result in penalties up to the greater of €20.0 million or 4% of global annual revenues, and may also lead to damages claims by data controllers and data subjects. Such penalties are in addition to any civil litigation claims by data controllers, customers, and data subjects. Further, Brexit (discussed in the risk factor *"The United Kingdom's recent withdrawal from the European Union could adversely affect us"* below) has created uncertainty regarding the regulation of data protection in the United Kingdom. In particular, although the United Kingdom enacted a Data Protection Act in May 2018 that is designed to be consistent with the GDPR, uncertainty remains regarding how data transfers to and from the United Kingdom will be regulated following the Brexit Transition Period (also discussed below).

In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may legally or contractually apply to us. We also expect that there will continue to be new proposed laws, regulations, and industry standards relating to privacy, data protection, and information security. We cannot predict the scope of any such future laws, regulations, and standards that may be applicable to us, or how courts, agencies, or data protection authorities might interpret current ones. It is possible that these laws and other obligations may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the functionality of our solutions, and we cannot predict the impact of such potential, future, inconsistent interpretations.

Compliance with privacy, data protection, and information security laws, regulations, and other obligations is costly, and we may encounter difficulties, delays, or significant expenses in connection with our compliance, or because of our customers' need to comply or our customers' interpretation of their own legal requirements. In addition, any failure or perceived failure by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy or data security could result in governmental investigations and enforcement actions, litigation, fines and penalties, exposure to indemnification obligations or other liabilities, and adverse publicity, all of which could have an adverse effect on our reputation, as well as our business, financial condition, and results of operations. For example, as discussed further in the section entitled "Legal Proceedings" in Note 11, *Commitments and Contingencies*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report, we are currently and have in the past been subject to certain class action lawsuits asserting, among other allegations, claims of violation of the Illinois Biometric Information Privacy Act.

If we experience a significant disruption in our information technology systems, breaches of data security, or cyber-attacks on our systems or solutions, our business could be adversely affected.*

We rely on information technology systems to keep financial records and corporate records, communicate with staff and external parties, and operate other critical functions, including sales and manufacturing processes. In addition, we also utilize third-party cloud services in connection with our operations. Our information technology systems and third-party cloud services are potentially vulnerable to disruption due to breakdown, malicious intrusion and computer viruses, public health crises such as the ongoing COVID-19 pandemic, other catastrophic events or environmental impact. If we were to experience a prolonged system disruption in our information technology systems or third-party cloud services, it could negatively impact the coordination of our sales, planning, and manufacturing activities, which could adversely affect our business. In addition, in order to maximize our information technology efficiency, we have physically consolidated our primary corporate data and computer operations. This concentration, however, exposes us to a greater risk of disruption to our internal information technology systems. Although we maintain offsite back-ups of our data, if operations at our facilities were disrupted, it may cause a material disruption in our business if we are not capable of restoring function on an acceptable time frame.

Our information technology systems and third-party cloud services are potentially vulnerable to cyber-attacks or other data security breaches, whether by employees or others, which may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of sensitive and confidential information of our employees, customers, suppliers, and others, any of which could have a material adverse effect on our business, financial condition, and results of operations. Moreover, a security breach or privacy violation that leads to disclosure or modification of, or prevents access to, patient information, including personally identifiable information or protected health information, could harm our reputation, result in litigation, compel us to comply with federal

and/or state breach notification laws, subject us to mandatory corrective action, require us to verify the correctness of database contents, and otherwise subject us to liability under laws and regulations that protect personal data, resulting in increased costs or loss of revenues.

In addition, we sell certain solutions that receive, store, and process our customers' data. For example, our Performance Center solution combines a cloud-based predictive intelligence platform with expert services designed to monitor pharmacy operations and recommend opportunities to help improve efficiency, regulatory compliance and patient outcomes. In addition, our Omnicell Patient Engagement platform is a private cloud-based solution that supports improving patient adherence goals through a single web-based platform that hosts functionality to guide and track patient notes, interventions and appointments. An effective attack on our solutions could disrupt the proper functioning of our solutions, allow unauthorized access to sensitive and confidential information of our customers (including protected health information), and disrupt our customers' operations. Any of these events could cause our solutions to be perceived as having security vulnerabilities and reduce demand for our solutions, which could have a material adverse effect on our business, financial condition, and results of operations. These risks are likely to increase as we continue to grow our cloud-based offerings, including in support of the autonomous pharmacy vision, and as we receive, store, and process more of our customers' data. We use third-party cloud providers in connection with certain of our cloud-based offerings or third-party providers to host our own data, in which case we rely on the processes, controls, and security such third parties have in place to protect the infrastructure. We also may acquire companies, products, services, and technologies and inherit such risks when we integrate these acquisitions within Omnicell.

While we have implemented a number of security measures designed to protect our systems and data, including firewalls, antivirus and malware detection tools, patches, log monitors, routine back-ups, system audits, routine password modifications, and disaster recovery procedures, and have designed certain security features into our solutions, such measures may not be adequate or implemented properly to prevent or fully address the adverse effect of such events, and in some cases we may be unaware of an incident or its magnitude and effects. Any failure to prevent such security breaches or privacy violations, or implement satisfactory remedial measures, could require us to expend significant resources to remediate any damage, disrupt our operations or the operations of our customers, damage our reputation, or expose us to a risk of financial loss, litigation, regulatory penalties, contractual indemnification obligations, or other liability because of lost or misappropriated information, including sensitive patient data. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above.

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

On November 15, 2019, we refinanced our existing senior secured credit facility pursuant to an amended and restated agreement with certain lenders, and Wells Fargo Bank, National Association, as administrative agent (the "A&R Credit Agreement"). The A&R Credit Agreement provides for a five-year revolving credit facility of $500.0 million and an uncommitted incremental loan facility of up to $250.0 million. At June 30, 2020, there was no outstanding loan balance for the revolving credit facility.

Our debt may:

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

Our ability to meet our debt service obligations will depend on our future performance, which will be subject to financial, business, and other factors affecting our operations (including the impact of the ongoing COVID-19 pandemic), many of which are beyond our control. If we do not have sufficient funds to meet our debt service obligations, we may be required to refinance or restructure all or part of our existing debt, sell assets, borrow more money or sell securities, none of which we can assure you that we would be able to do in a timely manner, or at all. In addition, as more fully described in the risk factor titled "*Covenants in our A&R Credit Agreement restrict our business and operations in many ways, and if we do not effectively manage our compliance with these covenants, our financial conditions and results of operations could be adversely affected*"

below, the A&R Credit Agreement includes customary restrictive covenants that impose operating and financial restrictions on us, including restrictions on our ability to take actions that could be in our best interests.

In addition, borrowings under the A&R Credit Agreement bear interest based on the London Interbank Offered Rate ("LIBOR"). LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of borrowings under the A&R Credit Agreement and other financial contracts that we may enter into that are indexed to LIBOR.

We may fail to realize the potential benefits of acquired businesses which could negatively affect our business, financial condition, and operating results.

We have in the past acquired businesses, including Aesynt and Ateb in 2016 and InPharmics in 2017, and expect to continue to seek to acquire businesses, technologies, or products in the future. We cannot provide assurance that any acquisition or any future transaction we complete will result in long-term benefits to us or our stockholders, or that we will be able to integrate or manage the acquired business effectively.

These transactions may involve significant challenges, uncertainties, and risks, including:

- difficulties in combining previously separate businesses into a single unit and the complexity of managing a more dispersed organization as sites are acquired;
- complying with international labor laws that may restrict our ability to right-size organizations and gain synergies across acquired operations;
- complying with regulatory requirements, such as those of the FDA, that we were not previously subject to;
- failure to understand and compete effectively in markets in which we have limited previous experience;
- the substantial costs that may be incurred and the substantial diversion of management's attention from day-to-day business when evaluating and negotiating such transactions and then integrating an acquired business, including any unforeseen delays and expenditures that may result;
- discovery, after completion of the acquisition, of liabilities assumed from the acquired business or of assets acquired that are broader in scope and magnitude or are more difficult to manage than originally assumed;
- difficulties related to assimilating and retaining key personnel of an acquired business, including due to changes in compensation, changes in management, reporting relationships, future prospects, office culture, or the direction of the acquired business;
- failure to achieve anticipated benefits such as cost savings and revenue enhancements;
- difficulties in integrating newly acquired products and solutions in our offerings to our customers and an inability or failure to expand product bookings and sales;
- the inability to maintain business relationships with customers and suppliers of newly acquired companies due to post-acquisition disruption;
- the inability or failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined company;
- the inability or failure to successfully integrate and harmonize financial reporting and information technology systems; and
- the inability or failure to achieve the expected operational and cost efficiencies.

If we are not able to successfully integrate or manage the acquired businesses and their operations, or if there are delays in combining the businesses, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected and our business, financial condition, and operating results may be negatively impacted.

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

In connection with the accounting for the Aesynt and Ateb acquisitions in 2016, and the InPharmics acquisition in 2017, we recorded a significant amount of goodwill and other intangible assets, and we maintain significant goodwill and other intangible assets relating to prior acquisitions, such as our acquisitions of MTS, Avantec, and Mach4. As of June 30, 2020, we had recorded approximately $449.2 million net, in goodwill and intangible assets in connection with past acquisitions. Under U.S. generally accepted accounting principles, we must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets has been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect our results of operations and shareholders' equity in future periods.

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

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

We cannot provide assurance that we will be successful in marketing any new products or services that we introduce, that new products or services will compete effectively with similar products or services sold by our competitors, or that the level of market acceptance of such products or services will be sufficient to generate expected revenues and synergies with our other products or services. For example, our XT Series, XR2 Automated Central Pharmacy System, and IVX Workflow are relatively new to the market and we cannot guarantee that demand will meet our expectations. Deployment of new products or services often requires interoperability with other Omnicell products or services as well as with healthcare facilities' existing information management systems. If these products or services fail to satisfy these demanding technological objectives, our customers may be dissatisfied, and we may be unable to generate future sales.

The healthcare industry faces changes to healthcare legislation and other healthcare reform, as well as financial constraints and consolidation, which could adversely affect the demand for our products and services.

The healthcare industry has faced, and will likely continue to face, significant financial constraints. U.S. government legislation such as the American Recovery and Reinvestment Act of 2009, the Patient Protection and Affordable Care Act of 2010, the Budget Control Act of 2011, and other health reform legislation, or the repeal of all or a portion of any such legislation, may cause customers to postpone purchases of our products due to reductions in federal healthcare program reimbursement rates and/or needed changes to their operations in order to meet the requirements of legislation. Our automation solutions often involve a significant financial commitment from our customers and, as a result, our ability to grow our business is largely dependent on our customers' capital and operating budgets. To the extent legislation promotes spending on other initiatives or healthcare providers' spending declines or increases more slowly than we anticipate, demand for our products and services could decline.

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

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

The manufacture and sale of most of our current products are not regulated by the FDA, or the Drug Enforcement Administration ("DEA"). Through our acquisition of Aesynt, we have both Class I and Class II, 510(k) exempt medical devices which are subject to FDA regulation and require compliance with the FDA Quality System Regulation as well as medical

device reporting. Additional products may be regulated in the future by the FDA, DEA, or other federal agencies due to future legislative and regulatory initiatives or reforms. Direct regulation of our business and products by the FDA, DEA, or other federal agencies could substantially increase the cost to produce our products and increase the time required to bring those products to market, reduce the demand for our products, and reduce our revenues. In addition, healthcare providers and facilities that use our equipment and dispense controlled substances are subject to regulation by the DEA. The failure of these providers and facilities to comply with DEA requirements, including the Controlled Substances Act and its implementing regulations, could reduce demand for our products and harm our competitive position, results of operations, and financial condition. Pharmacies are regulated by individual state boards of pharmacy that issue rules for pharmacy licensure in their respective jurisdictions. State boards of pharmacy do not license or approve our medication management automation solutions; however, pharmacies using our equipment are subject to state board approval. The failure of such pharmacies to meet differing requirements from a significant number of state boards of pharmacy could decrease demand for our products and harm our competitive position, results of operations, and financial condition. Similarly, hospitals must be accredited by an accrediting organization approved by the Centers for Medicare & Medicaid Services, such as The Joint Commission, in order to be eligible for Medicaid and Medicare funds. The Joint Commission does not accredit medication management automation solutions; however, failure by our customers to meet The Joint Commission standards for medication management could decrease demand for our products and harm our competitive position, results of operations, and financial condition.

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

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

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

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

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

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

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

- our reliance on distributors for the sale and post-sale support of our medication management automation solutions outside the United States and Canada;
- the difficulty of managing an organization operating in various countries;
- political sentiment against international outsourcing of production;
- reduced protection for intellectual property rights, particularly in jurisdictions that have less developed intellectual property regimes, which could make it more costly for us to enforce, and more difficult for us to stop the infringement or misappropriation of, our intellectual property rights in these jurisdictions;
- changes in foreign regulatory requirements;
- the requirement to comply with a variety of international laws and regulations, including privacy and security, labor, import, export, trade, environmental standards, product compliance, tax, anti-bribery, and employment laws;
- fluctuations in currency exchange rates and difficulties in repatriating funds from certain countries;
- additional investment, coordination, and lead-time necessary to successfully interface our automation solutions with the existing information systems of our customers or potential customers outside of the United States;
- political unrest, terrorism, and the potential for other hostilities in areas in which we have facilities or operations;
- epidemics, pandemics or other major public health crises, such as the ongoing COVID-19 pandemic; and
- natural disasters.

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

Furthermore, changes in export or import regulation and other trade barriers and uncertainties may have an adverse effect on our business. For example, the current U.S. administration has advocated greater restrictions on trade generally and tariff increases on certain goods imported into the United States, particularly from China. We cannot predict what actions may ultimately be taken with respect to tariffs or trade relations between the United States and other countries (including China), what products may be subject to such actions, or what actions may be taken by the other countries in retaliation. The adoption and expansion of trade restrictions, the occurrence of a trade war, other governmental action related to tariffs or trade agreements or policies, or the related uncertainties, has the potential to adversely impact our supply chain and costs, which could in turn adversely affect our business, financial condition, and results of operations.

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

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

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

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

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

- incur or assume liens or additional debt or provide guarantees in respect of obligations or other persons;

- issue redeemable preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem, or repurchase certain debt;
- make loans, investments, acquisitions, and capital expenditures;
- enter into agreements that restrict distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- enter into certain transactions with affiliates; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

The A&R Credit Agreement also includes financial covenants requiring us (i) not to exceed a maximum consolidated total net leverage ratio of 3.50:1 (subject to certain exceptions) and (ii) to maintain a minimum interest coverage ratio of 3.00:1. Our ability to comply with these financial covenants may be affected by events beyond our control. Our failure to comply with any of the covenants under the A&R Credit Agreement could result in a default under the terms of the A&R Credit Agreement, which could permit the administrative agent or the lenders to declare all or part of any outstanding borrowings to be immediately due and payable, or to refuse to permit additional borrowings under the revolving credit facility, which could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions to take advantage of certain business opportunities that may be presented to us. In addition, if we are unable to repay those amounts, the administrative agent and the lenders under the A&R Credit Agreement could proceed against the collateral granted to them to secure that debt, which would seriously harm our business.

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

Our success is highly dependent upon the continuing contributions of our key management, sales, technical, and engineering staff. We believe that our future success will depend upon our ability to attract, train, and retain highly skilled and motivated personnel. As more of our products are installed in increasingly complex environments, greater technical expertise will be required. As our installed base of customers increases, we will also face additional demands on our customer service and support personnel, requiring additional resources to meet these demands. Furthermore, as we execute on the autonomous pharmacy vision and grow our cloud-based software as a service and solution as a service offerings, more specialized expertise will be required. We may experience difficulty in recruiting qualified personnel. Competition for qualified technical, engineering, managerial, sales, marketing, financial reporting, and other personnel can be intense, and we may not be successful in attracting and retaining qualified personnel. Competitors have in the past attempted, and may in the future attempt, to recruit our employees. Furthermore, travel restrictions and social distancing associated with the ongoing COVID-19 pandemic may make it more difficult to recruit, hire and train qualified personnel or cause delays in these processes.

In addition, we have historically used stock options, restricted stock units, and other forms of equity compensation as key components of our employee compensation program in order to align employees' interests with the interests of our stockholders, encourage employee retention, and provide competitive compensation packages. The effect of managing share-based compensation expense and minimizing shareholder dilution from the issuance of new shares may make it less favorable for us to grant stock options, restricted stock units, or other forms of equity compensation, to employees in the future. In order to continue granting equity compensation at competitive levels, we must seek stockholder approval for any increases to the number of shares reserved for issuance under our equity incentive plans, such as the share increase that was approved at our 2019 Annual Meeting of Stockholders, and we cannot assure you that we will receive such approvals in the future. Any failure to receive approval for future proposed increases could prevent us from granting equity compensation at competitive levels and make it more difficult to attract, retain, and motivate employees. Further, to the extent that we expand our business or product lines through the acquisition of other businesses, any failure to receive any such approvals could prevent us from securing employment commitments from such newly acquired employees. Failure to attract and retain key personnel could harm our competitive position, results of operations, and financial condition.

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

Our success depends in part on our ability to obtain patent protection for technology and processes, and our ability to preserve our trademarks, copyrights, and trade secrets. We have pursued patent protection in the United States and foreign jurisdictions for technology that we believe to be proprietary and for technology that offers us a potential competitive advantage for our products. We intend to continue to pursue such protection in the future. Our issued patents relate to various features of our medication management automation solutions and medication packaging systems. We cannot assure you that we will file

any patent applications in the future and that any of our patent applications will result in issued patents, or that, if issued, such patents will provide significant protection for our technology and processes. As an example, in September 2014, an action was brought against us, to, among other matters, correct the inventorship of certain patents owned by us. Furthermore, we cannot assure you that others will not develop technologies that are similar or superior to our technology or that others will not design around the patents we own. All of our system software is copyrighted and subject to the protection of applicable copyright laws. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary, which could harm our competitive position.

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

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

- our ability to successfully install our products on a timely basis and meet other contractual obligations necessary to recognize revenue;
- our ability to continue cost reduction efforts;
- the size, product mix, and timing of orders for our medication management automation solutions and medication packaging systems, and their installation and integration;
- the overall demand for healthcare medication management automation solutions and medication adherence solutions;
- changes in pricing policies by us or our competitors;
- the number, timing, and significance of product enhancements and new product announcements by us or our competitors;
- the timing and significance of any acquisition or business development transactions that we may consider or negotiate and the revenues, costs, and earnings that may be associated with these transactions;
- the relative proportions of revenues we derive from products and services;
- fluctuations in the percentage of sales attributable to our international business;
- our customers' budget cycles;
- changes in our operating expenses and our ability to stabilize expenses;
- expenses incurred to remediate product quality, security, or safety issues;
- our ability to generate cash from our accounts receivable on a timely basis;
- the performance of our products;
- changes in our business strategy;
- epidemics, pandemics or other major public health crises, such as the ongoing COVID-19 pandemic;
- macroeconomic and political conditions, including fluctuations in interest rates, tax increases, availability of credit markets, and trade and tariff actions; and
- volatility in our stock price and its effect on equity-based compensation expense.

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

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

A number of GPOs, including HealthTrust Purchasing Group, Intalere (f.k.a. Amerinet, Inc.), Premier Inc., The Resource Group, Resource Optimization & Innovation, LLC, and Vizient Inc., have negotiated standard contracts for our products on behalf of their member healthcare organizations. Members of these GPOs may purchase under the terms of these contracts, which obligate us to pay the GPO a fee. We have also contracted with the United States General Services Administration, allowing the Department of Veteran Affairs, the Department of Defense, and other Federal Government

customers to purchase our products. These contracts enable us to more readily sell our products and services to customers represented by these organizations. Some of our contracts with these organizations are terminable at the convenience of either party. The loss of any of these relationships could impact the breadth of our customer base and could impair our ability to meet our revenue targets or increase our revenues. These organizations may not renew our contracts on similar terms, if at all, and they may choose to terminate our contracts before they expire, any of which could cause our revenues to decline.

If we are not able to supply the demand from our institutional and retail pharmacy customers on schedule and with quality consumable medication packaging products, or if we are otherwise unable to maintain our relationships with major institutional pharmacies, they may use alternative means to distribute medications to their customers and our revenue from sales of blister cards and other consumables may decline.*

Approximately 10% of our revenues during the six months ended June 30, 2020 were generated from the sale of consumable medication packages, most of which are produced in our St. Petersburg, Florida facility on a continuous basis and are shipped out to fulfill the demands of our institutional and retail pharmacy customers domestically and abroad. The demands placed on institutional and retail pharmacies by their customers represent real time requirements of those customers. Our customer agreements for the sale of consumable medication packages are typically short-term in nature and typically do not include any volume commitments on the part of the customer. Although our packaging may be considered the preferred method of maintaining control of medications during the medication distribution and administration process, institutional and retail pharmacies have alternative methods of distributing medications, including bulk and alternative packaging, and medication adherence packaging may be supplied by our competitors. To the extent that we are unable to supply quality packaging to our customers in a timely manner, that demand will be met via alternative distribution methods, including consumable medication packaging sold by our competitors, and our revenues will decline. Any disruption in the production capabilities of our St. Petersburg facilities (including due to any impact from public health crises such as the ongoing COVID-19 pandemic) will adversely affect our ability to ship our consumable medication packages globally and would reduce our revenues.

In addition, the institutional pharmacy market consists of significant national suppliers of medications to non-acute care facilities, smaller regional suppliers, and very small local suppliers. If we are unable to maintain our relationships with the major institutional pharmacies we do business with, they may purchase consumable blister card components from alternative sources, or choose to use alternatives to blister cards for medication control, and our revenues would decline.

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

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

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

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

Although we generally use parts and components for our products with a high degree of modularity, certain components are presently available only from a single source or limited sources. We rely on a limited number of suppliers for the raw materials that are necessary in the production of our consumable medication packages. While we have generally been able to obtain adequate supplies of all components and raw materials in a timely manner from existing sources, or where necessary, from alternative sources of supply, we entered into relationships with new suppliers in connection with the launch of

our XT Series products. We engage multiple single source third-party manufacturers to build several of our sub-assemblies. The risks associated with changing to alternative vendors, if necessary, for any of the numerous components used to manufacture our products could limit our ability to manufacture our products and harm our business. Due to our reliance on a few single source partners to build our hardware sub-assemblies and on a limited number of suppliers for the raw materials that are necessary in the production of our consumable medication packages, a reduction or interruption in supply from our partners or suppliers (including due to the impact of public health crises such as the ongoing COVID-19 pandemic), or a significant increase in the price of one or more components could have an adverse impact on our business, results of operations, and financial condition. In certain circumstances, the failure of any of our suppliers or us to perform adequately could result in quality control issues affecting end users' acceptance of our products. These impacts could damage customer relationships and could harm our business.

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

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

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

Our common stock traded between $54.24 and $94.85 per share during the six months ended June 30, 2020. The market price for shares of our common stock has been and may continue to be highly volatile. In addition, our announcements or external events may have a significant impact on the market price of our common stock. These announcements or external events may include:

- actual or anticipated changes in our operating results;
- whether our operating results or forecasts meet the expectations of securities analysts or investors;
- developments in our relationships with corporate customers;
- developments with respect to recently acquired businesses;
- changes in the ratings of our common stock by securities analysts or changes in their earnings estimates;
- announcements by us or our competitors of technological innovations or new products;
- announcements by us or our competitors of acquisitions of businesses, products or technologies; or other significant transactions by us or our competitors such as strategic partnerships or divestitures;
- actions by stockholders or short sellers of our common stock;
- the level of demand for our common stock, including short interest in our common stock;
- epidemics, pandemics or other major public health crises, such as the ongoing COVID-19 pandemic; or
- general economic and market conditions.

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

In addition, stockholders have initiated class action lawsuits against companies following periods of volatility in the market prices of these companies' stock. For example, in July 2019, a putative class action lawsuit was filed against Omnicell and certain of our officers alleging that the defendants violated federal securities laws by making certain materially false and misleading statements. While this action is concluded following the lead plaintiff's filing of a notice of voluntary dismissal as to all defendants, we may in the future be subject to other class action lawsuits, especially following periods of volatility in the market price of our common stock.

The United Kingdom's recent withdrawal from the European Union could adversely affect us.

Following the result of a referendum in 2016, the United Kingdom (the "UK") left the European Union (the "EU") on January 31, 2020. The UK's withdrawal from the EU is commonly referred to as "Brexit." Pursuant to the formal withdrawal arrangements agreed between the UK and the EU, the UK is subject to a transition period until December 31, 2020 (the "Brexit Transition Period"), during which EU rules will continue to apply. Negotiations between the UK and the EU are expected to continue in relation to the customs and trading relationship between the UK and the EU following the expiry of the Brexit Transition Period. The effects of Brexit have been and are expected to continue to be far-reaching. Brexit and the perceptions as to its impact may adversely affect business activity and economic conditions in Europe and globally, and could continue to contribute to instability in global financial markets as well as uncertainty regarding the regulation of data protection in the UK. Brexit could also have the effect of disrupting the free movement of goods, services, and people between the UK and the EU. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. The full effects of Brexit are uncertain and will remain so until after the Brexit Transition Period and the UK and EU reach a definitive resolution with regards to outstanding trade and legal matters. Lastly, as a result of Brexit, other European countries may seek to conduct referenda with respect to their continuing membership with the EU. Given these possibilities and others we may not anticipate, as well as the lack of comparable precedent, the full extent to which our business, results of operations, and financial condition could be adversely affected by Brexit is uncertain.

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

U.S. government customers that lease our equipment typically sign contracts with five-year payment terms that are subject to one-year government budget funding cycles. Further, the government has in certain circumstances mandated unilateral changes in its Federal Supply Services contract that could render our lease terms with the government less attractive. In our judgment and based on our history with these accounts, we believe these receivables are collectible. However, in the future, the failure of any of our U.S. government customers to receive their annual funding, or the government mandating changes to the Federal Supply Services contract could impair our ability to sell lease equipment to these customers or to sell our U.S. government receivables to third-party leasing companies. In addition, the ability to collect payments on unsold receivables could be impaired and may result in a write-down of our unsold receivables from U.S. government customers. The balance of our unsold leases to U.S. government customers was $20.5 million as of June 30, 2020.

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

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

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

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

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

Our products include medication management automation solutions and medication adherence products and services for healthcare systems and pharmacies. Despite the presence of healthcare and pharmacy professionals as intermediaries between our products and patients, if our products fail to provide accurate and timely information or operate as designed, customers, patients or their family members could assert claims against us for product liability. For example, as further discussed under "Legal Proceedings" in Note 11, *Commitments and Contingencies*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report, we are currently subject to certain lawsuits, asserting, among other allegations, claims of product liability. Moreover, failure of health care facility and pharmacy employees to use our products for

their intended purposes could result in product liability claims against us. Litigation with respect to product liability claims, regardless of any outcome, could result in substantial cost to us, divert management's attention from operations, and decrease market acceptance of our products. We possess a variety of insurance policies that include coverage for general commercial liability and technology errors and omissions liability. We attempt to mitigate these risks through contractual terms negotiated with our customers. However, these policies and protective contractual terms may not be adequate against product liability claims. A successful claim brought against us, or any claim or product recall that results in negative publicity about us, could harm our competitive position, results of operations, and financial condition. Also, in the event that any of our products is defective, we may be required to recall or redesign those products.

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

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

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

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

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

We grant stock options to certain of our employees as incentives to join Omnicell or as an on-going reward and retention vehicle. We had options outstanding to purchase approximately 4.1 million shares of our common stock, at a weighted-average exercise price of $58.17 per share as of June 30, 2020. If some or all of these shares are sold into the public market over a short time period, the price of our common stock may decline, as the market may not be able to absorb those shares at the prevailing market prices. Such sales may also make it more difficult for us to sell equity securities in the future on terms that we deem acceptable.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or harm our business, financial condition, and results of operations.*

We may seek additional capital through a variety of means, including through private and public equity offerings and debt financings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of our stockholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures, entering into licensing arrangements, or declaring dividends. If we raise additional funds from third parties, we may have to relinquish valuable rights to our technologies, or grant licenses on terms that are not favorable to us.

For example, we filed a “shelf” registration statement on Form S-3 under the Securities Act in November 2017 (the “S-3 Registration Statement”), allowing us, from time to time, to offer any combination of registered common stock, preferred stock, debt securities, and warrants. Under this S-3 Registration Statement, we also entered into a distribution agreement (the “Distribution Agreement”) in November 2017 with J.P. Morgan Securities, LLC, Wells Fargo Securities, LLC, and HSBC Securities (USA) Inc., as our sales agents, pursuant to which we may offer and sell from time to time through “at-the-market” offerings, up to an aggregate of $125.0 million of our common stock through the sales agents. As of June 30, 2020, we had an aggregate of $31.5 million available to be offered under the Distribution Agreement.

If we are unable to raise additional funds through equity or debt financing when needed (including due to the impact of public health crises such as the COVID-19 pandemic on the global capital markets), our ability to market, sell or distribute our products may be negatively impacted and could harm our business, financial condition, and results of operations.

Changes in our tax rates, exposure to additional tax liabilities, or the adoption of new tax legislation could adversely affect our business and financial condition.*

We are subject to taxes in the United States and foreign jurisdictions. Our future effective tax rates could be affected by several factors, many of which are outside of our control, including: changes in the mix of earnings with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in federal, state, and international laws or their interpretation, adjustments to income tax expense upon the finalization of tax returns, changes in tax attribute, or changes in accounting principles. We regularly assess the likelihood of adverse outcomes to determine the adequacy of our provision for taxes. We are also subject to examination of our income tax returns by the Internal Revenue Service and other tax authorities. There can be no assurance that the outcomes from these examinations will not materially adversely affect our financial condition and operating results. Forecasting our estimated annual effective tax rate is complex and subject to uncertainty, and there may be a material difference between the forecasted and the accrual tax rates, especially due to the volatility and uncertainty of global economic conditions resulting from the COVID-19 pandemic. Any increase in our effective tax rate would reduce our profitability.

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

We rely on our network infrastructure, data centers, enterprise applications, and technology systems for the development, marketing, support, and sales of our products, and for the internal operation of our business. These systems are susceptible to disruption or failure in the event of a major earthquake, fire, flood, ice and snow storms, cyber-attack, terrorist attack, telecommunications failure, epidemic or pandemic (such as the ongoing COVID-19 pandemic), or other catastrophic event. Many of these systems are housed or supported in or around our corporate headquarters located in Northern California, near major earthquake faults, and where a significant portion of our research and development activities and other critical business operations take place. Other critical systems, including our manufacturing facilities for our consumable medication packages, are housed in St. Petersburg, Florida, in communities that have been subject to significant tropical storms. Disruptions to or the failure of any of these systems, and the resulting loss of critical data, which is not quickly recoverable by the effective execution of disaster recovery plans designed to reduce such disruption, could cause delays in our product development, prevent us from fulfilling our customers’ orders, and could severely affect our ability to conduct normal business operations, the result of which would adversely affect our operating results.

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

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

The stockholder rights plan adopted by our Board of Directors in February 2003 expired by its terms in February 2013. Our Board of Directors could adopt a similar plan in the future if it determines that such action is in the best interests of our

stockholders. Such a plan may have the effect of discouraging, delaying or preventing a change in control of our Company that may be beneficial to our stockholders.

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

Stock Repurchase Programs

During the six months ended June 30, 2020, we did not repurchase any shares of our common stock under our stock repurchase programs. Refer to "Stock Repurchase Program" under Note 13, *Employee Benefits and Share-Based Compensation*, of the Notes to Condensed Consolidated Financial Statements included in this quarterly report for more details.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated By Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Omnicell, Inc.	10-Q	000-33043	3.1	9/20/2001
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Omnicell, Inc.	10-Q	000-33043	3.2	8/9/2010
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock	10-K	000-33043	3.2	3/28/2003
3.4	Amended and Restated Bylaws of Omnicell, Inc.	10-Q	000-33043	3.4	5/4/2018
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4				
4.2	Form of Common Stock Certificate	S-1/A	333-57024	4.1	7/24/2001
10.1*+	Form of Option Grant Notice and Form of Global Option Agreement for 2009 Equity Incentive Plan, as amended				
10.2*+	Form of Restricted Stock Unit Grant Notice and Form of Global Restricted Stock Unit Award Agreement for 2009 Equity Incentive Plan, as amended				
31.1+	Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)				
31.2+	Certification of Chief Financial Officer, as required by Rule 13a-14(a) or Rule 15d-14(a)				
32.1+	Certification of Chief Executive Officer and Chief Financial Officer, as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350)				
101.INS+	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				
101.SCH+	Inline XBRL Taxonomy Extension Schema Document				
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB+	Inline XBRL Taxonomy Extension Labels Linkbase Document				
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104+	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).				

+ Filed herewith.

* Indicates a management contract, compensation plan, or arrangement.

SIGNATURE

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

OMNICELL, INC.

Date: July 31, 2020

By: /s/ Peter J. Kuipers

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

Exhibit 10.1

Option Grant Notice

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

Name: Employee ID:

You have been granted an option to purchase Omnicell, Inc. Common Stock as follows:

Type of Option:	
Grant No.:	
Stock Option Plan:	2009 Equity Incentive Plan
Date of Grant:	
Total Number of Option Shares:	
Option Price per Share:	
Total Exercise Price of Option Shares:	
Early Exercise Allowed	NO

Vesting Date	Number of Shares Vesting on Vesting Date	Vesting Schedule

By your acceptance of this Option Grant, you agree that this option is granted under and governed by the terms and conditions of this Grant Notice, Omnicell, Inc.'s 2009 Equity Incentive Plan (as amended from time to time) (the "Plan") and by the terms and conditions of the 2009 Equity Incentive Plan, Global Option Agreement ("Option Agreement") which is attached hereto.

You understand and agree that as of the Date of Grant, this Option Grant Notice, the Option Agreement and the Plan set forth the entire understanding between you and Omnicell, Inc. regarding the Options set forth herein, and the underlying Common Stock, and supersede all prior oral and written agreements on that subject.

Chief Financial Officer

Attachment: Global Option Agreement

2009 Equity Incentive Plan

Global Option Agreement

Amended by the Compensation Committee of the Board of Directors: July 22, 2020

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Global Option Agreement, including any country-specific appendix thereto (the ***"Appendix"*** and collectively, the ***"Agreement"***), Omnicell, Inc. (the "***Company***") has granted you an option under its 2009 Equity Incentive Plan, as amended (the "***Plan***"), to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

The details of your option are as follows:

1. Vesting. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. For the avoidance of doubt, service during any portion of the vesting period shall not entitle you to vest in a pro rata portion of the option.

For purposes of your option, a termination of your Continuous Service will be deemed to have occurred as of the date you are no longer actively providing services to the Company or an Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or otherwise rendering services, or the terms of your employment or other service agreement, if any). Your employment or service relationship will not be extended by any notice period (e.g., your period of service will not be extended by any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or otherwise rendering services, or the terms of your employment or service agreement, if any). Unless otherwise expressly provided in the Plan or this Agreement or determined by the Company, (i) your right to vest in the option, if any, will terminate as of the date of termination of your Continuous Service, and (ii) the period (if any) during which you may exercise the option after a termination of your Continuous Service, will commence on such date. The Committee shall have the exclusive discretion to determine when you are no longer providing Continuous Services for purposes of your option (including whether you may still be considered to be providing services while on a leave of absence).

2. Number of Shares and Exercise Price. The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are a U.S. taxpayer, in the event that you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (*i.e.*, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant specified in your Grant Notice, notwithstanding any other provision of your option.

4. Exercise Prior to Vesting ("Early Exercise"). If permitted in your Grant Notice (*i.e.*, the exercise schedule indicates that early exercise is permitted) and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option shall be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise shall be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you shall enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) If you are a U.S. taxpayer and your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the time of grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

5. Method of Payment. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or in any one or more of the following manners ***unless otherwise provided in your Grant Notice***:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded, and to the extent permitted by applicable laws and regulations, by delivery to the Company

(either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, shall include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) If the Option is a Nonstatutory Stock Option, ***subject to the consent of the Company at the time of exercise***, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from you to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided further, however, that shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter to the extent that (1) shares are used to pay the exercise price pursuant to the "net exercise," (2) shares are delivered to you as a result of such exercise, and (3) shares are withheld to satisfy tax withholding obligations.

6. Whole Shares. You may exercise your option only for whole shares of Common Stock.

7. Compliance with Law. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations. You understand that the Company is under no obligation to register or qualify the shares of Common Stock with the U.S. Securities and Exchange Commission ("***SEC***") or any state or non-U.S. securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares of Common Stock. Further, you agree that the Company shall have unilateral authority to amend this Agreement without your consent, to the extent necessary to comply with securities or other laws applicable to the issuance of shares of Common Stock.

8. Term. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, Disability, or death; *provided, however,* that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; and if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant specified in your Grant Notice, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option shall not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant specified in your Grant Notice or (B) the date that is three (3) months after the termination of your Continuous Service, or (y) the Expiration Date;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability;

(d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates;

(e) the Expiration Date indicated in your Grant Notice;

(f) the day before the tenth (10^{th}) anniversary of the Date of Grant.

Notwithstanding the foregoing provisions in this section, in the event that you were an Employee of the Company or a Subsidiary of the Company at the time of grant, your Continuous Service terminates for any reason other than due to a termination by the Company (or by a Subsidiary of the Company) for Cause, you reside in the United States, and you have attained age 55 with ten or more Years of Continuous Service at any time during your Continuous Service, then, the portion of the Option vested on the date of such termination may be exercised by you (or your estate, if applicable) at any time during the period ending on the earlier of the Expiration Date indicated in your Grant Notice and the day before the 10^{th} anniversary of the Date of Grant. For these purposes, the term "***Year of Continuous Service***" means each 12-month period of your Continuous Service since your most recent hire/re-hire date, but does not include service provided by you to an acquired company prior to its acquisition by the Company.

If you are a U.S. taxpayer and your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your option and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If you are a U.S. taxpayer and your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the date of your option grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

(d) Transferability.

(i) For U.S. taxpayers, if your option is an Incentive Stock Option, your option is generally not transferable, except (1) by will or by the applicable laws of descent and distribution or (2) pursuant to a domestic relations order (provided that such Incentive Stock Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer), and is exercisable during your life only by you. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option. In addition, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust, provided that you and the trustee enter into transfer and other agreements required by the Company.

(ii) If your option is a Nonstatutory Stock Option, your option is not transferable, except (1) by will or by the applicable laws of descent and distribution, (2) pursuant to a domestic relations order (if you are a U.S. taxpayer), (3) with the prior written approval of the Company, by instrument to an inter vivos or testamentary trust, in a form accepted by the Company, in which the option is to be passed to beneficiaries upon the death of the trustor (settlor) and (4) with the prior written approval of the Company, by gift, in a form accepted by the Company, to a permitted transferee under Rule 701 of the Securities Act.

10. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any

obligation on your part to continue in the employ or service of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment or service relationship. In addition, nothing in your option shall obligate the Company or an Affiliate, their respective stockholders, Boards of Directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

11. Withholding Obligations.

(a) You acknowledge that, regardless of any action taken by the Company or, if different, the Affiliate employing or otherwise retaining your services (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (***"Tax-Related Items"***), is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the option, including, but not limited to, the grant, vesting or exercise of the option, the subsequent sale of shares of Common Stock acquired pursuant to such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the option to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any Tax-Related Items which arise in connection with your option.

(c) Upon your request and subject to approval by the Company, in its sole discretion, and compliance with any applicable conditions or restrictions of law, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of

Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(d) You may not exercise your option unless the Tax-Related Items withholding obligations of the Company and/or the Employer are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein unless such obligations are satisfied.

12. Nature of Grant. In accepting your option, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of your option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future option grants, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) your option and the shares of Common Stock subject to the option, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) your option and the shares of Common Stock subject to the option, and the income from and value of same, are not part of normal or expected compensation for purposes of, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(h) if the underlying shares of Common Stock do not increase in value, your option will have no value;

(i) if you exercise your option and acquire shares of Common Stock, the value of such shares of Common Stock may increase or decrease, even below the exercise price;

(j) unless otherwise agreed with the Company, your option and the shares of Common Stock acquired under the Plan, and the income from and value of same, are not granted

as consideration for, or in connection with, any service you may provide as a director of any parent company or Affiliate;

(k) unless otherwise provided in the Plan or by the Company in its direction, the options and the benefits evidenced by this Agreement, do not create any entitlement to have the options or any such benefits transferred to or assumed by another company, nor to be exchanged, cashed out or substituted for in connection with any corporate transaction affecting the Common Stock; and

(l) neither the Company, the Employer nor any Subsidiary or Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the option or of any amounts due to you pursuant to the exercise of the option or the subsequent sale of any shares of Common Stock acquired upon exercise.

13. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

14. ***Data Privacy. If you would like to participate in the Plan, you will need to review the information provided in this Section 14 and, where applicable, declare consent to the processing and/or transfer of personal data as described below.***

i. ***Data Collection and Usage. The Company collects, processes and uses personal data about you, including but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or your Employer ("Personal Data"). In order you to participate in the Plan, the Company will collect Personal Data for purposes of allocating shares of Common Stock and implementing, administering and managing the Plan.***

If you are based in the United Kingdom, the EU or EEA, the Company's legal basis for the processing of Personal Data is the necessity of the processing for the Company's performance of its obligations under the Plan and, where applicable, the Company's legitimate interest of complying with contractual or statutory obligations to which it is subject.

If you are based in any other jurisdiction, the Company's legal basis for the processing of Personal Data is your consent, as further described below.

ii. ***Stock Plan Administration and Service Providers****. The Company may transfer Personal Data to Morgan Stanley/E*Trade ("Service Provider"), an independent service provider based in the U.S., which is assisting the Company with the implementation, administration and management of the Plan. Service Provider may open an account for you to receive and trade shares of Common Stock. You may be asked to acknowledge, or agree to, separate terms and data processing practices with Service Provider, with such agreement being a condition to the ability to participate in the Plan.*

iii. ***International Data Transfers****. Personal Data will be transferred from your country to the U.S., where the Company and its service providers are based. You understand and acknowledge that the U.S. might have enacted data privacy laws that are less protective or otherwise different from those applicable in your country of residence. For example, the EU Commission has issued only a limited adequacy finding with respect to the U.S. that applies solely if and to the extent companies self-certify and remain self□certified under the EU/U.S. Privacy Shield program. In the absence of such certification, an appropriate level of protection can be achieved by implementing safeguards such as the Standard Contractual Clauses adopted by the EU Commission.*

If you are based in the UK/EU/EEA, Personal Data will be transferred from the UK/EU/EEA to the Company based on the Company's certification under the EU-U.S. Privacy Shield program. The onward transfer of Personal Data by the Company to Service Provider will be based on consent and/or applicable data protection laws. You may request a copy of such appropriate safeguards at GDPR@omnicell.com.

If you are based in any other jurisdiction, the Company's legal basis for the transfer of the Personal Data to the U.S. is your consent, as further described below.

iv. ***Data Retention****. The Company will use Personal Data only as long as necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including, without limitation, under tax and securities laws. When the Company no longer needs Personal Data for any of the above purposes, the Company will cease to use Personal Data for this purpose. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations (if you are in the UK/EU/EEA) and/or your consent (if you are outside the UK/EU/EEA).*

v. ***Data Subject Rights****. You understand that you may have a number of rights under data privacy laws in your jurisdiction. Subject to the conditions set out in the applicable law and depending on where you are based, such rights may include the right to (i) request access to, or copies of, Personal Data processed*

by the Company, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrictions on the processing of Personal Data, (v) object to the processing of Personal Data for legitimate interests, (vi) portability of Personal Data, (vii) lodge complaints with competent authorities in your jurisdiction, and/or to (viii) receive a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding these rights or to exercise these rights, you can contact GDPR@omnicell.com or our EU Data Protection Officer as follows:

2B Advice GmbH
Joseph-Schumpeter-Allee 25, 53227 Bonn, Germany
Telephone: +49 228 926165 120
E-Mail: omnicell@2b-advice.com

vi. ***Necessary Disclosure of Personal Data. You understand that providing the Company with Personal Data is necessary for the performance of the Agreement and that your refusal to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.***

vii. ***Voluntariness and Consequences of Consent Denial or Withdrawal. If you are located in a jurisdiction outside the UK/EU/EEA, you hereby unambiguously consent to the collection, use and transfer, in electronic or other form, of your Personal Data, as described above and in any other grant materials, by and among, as applicable, your Employer, the Company and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that you may, at any time, refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. If you do not consent or later seek to revoke your consent, your employment status or service with your Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant the options or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing consent may affect your ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, you should contact your local human resources representative.***

Declaration of Consent. If you are based outside of the UK/EU/EEA, by accepting the options and indicating consent by signing the Grant Notice or through the Company's online acceptance procedure, you explicitly declare your consent to the entirety of the Personal Data processing operations described above including, without limitation, the onward transfer of Data by the Company to the Service Provider or, as the case may be, a different service provider of the Company in the U.S.

15. Notices. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

16. Language. You acknowledge that you are sufficiently proficient in English or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

18. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

19. Choice of Law; Venue. The interpretation, performance and enforcement of this Agreement will be governed by the law of the state of California without regard to such state's conflicts of laws rules. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

20. Amendment. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed or otherwise accepted by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right, by written notice to you, to impose new provisions or to change the existing provisions of this Agreement in any way it may deem necessary or advisable for legal or administrative reasons to carry out the purpose of the grant.

21. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States, your country, the broker's country and the country or countries in which the Common Stock is listed, which may affect your ability, directly or indirectly, to purchase or sell, or attempt to sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (*e.g.*, options), or rights linked to the value of shares of Common Stock, during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)).

Local insider trading laws and regulations prohibit the cancellation or amendment of orders you placed before possessing the inside information. Furthermore, you understand that you may be prohibited from (i) disclosing the inside information to any third party, including fellow employees and (ii) "tipping" third parties by sharing with them Company insider information, or otherwise causing third parties to buy or sell Company securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may apply to you under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

22. Foreign Asset/Account Reporting Requirements. If you reside in a country outside the United States, there may be certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares of Common Stock or cash received from participating in the Plan (including from any dividends paid on shares of Common Stock) in a brokerage account or bank outside of your country. You may be required to report such accounts, assets or related transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to your country within a certain time after receipt. It is your responsibility to comply with such regulations and you should speak to your personal legal advisor on this matter.

23. Appendix. Notwithstanding any provisions in this Agreement, the option grant shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country, if any, will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on your options and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other Participant.

26. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

Appendix

Omnicell, Inc.
2009 Equity Incentive Plan

Global Option Agreement

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Global Option Agreement (the "Agreement") or the Plan.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the options granted to you under the Plan if you work and/or reside in one of the countries listed below. This Appendix forms part of the Agreement.

If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment and/or residency to another country after the Date of Grant, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to you.

Notifications

This Appendix also includes information regarding exchange control and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time you exercise your option and acquire shares of Common Stock or sell shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment and/or residency to another country after the Date of Grant, or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you in the same manner.

Australia

Notifications

Securities Law Information. If you acquire shares of Common Stock upon exercise of your options and you offer the shares of Common Stock for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on disclosure obligations prior to making any such offer.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in the Act).

Canada

Terms and Conditions

Method of Payment. The following provision supplements Section 5 of the Agreement:

Notwithstanding any discretion in the Plan and the Agreement, you are prohibited from surrendering shares of Common Stock that you already own or attesting to the ownership of shares of Common Stock to pay the exercise price or any Tax-Related Items in connection with your option.

Vesting. The following provision replaces the second paragraph of Section 1 of the Agreement:

For purposes of your option, a termination of your Continuous Service will be deemed to occur as of the date that is the earlier of (i) the date of your termination, (ii) the date you receive notice of termination, or (iii) the date you are no longer actively providing services and will not be extended by any notice period (*e.g.*, active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under Canadian laws or the terms of your employment or service agreement, if any), regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or providing services or the terms of your employment or service agreement, if any; unless otherwise expressly provided in this Agreement or determined by the Company, (i) your right to vest in the option under the Plan, if any, will terminate as of such date and (ii) the period (if any) during which you may exercise the option after such termination will commence on such date; in the event that the date you are no longer actively providing services cannot be reasonably determined under the terms of this Agreement and the Plan, the Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your option (including whether you may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment legislation explicitly requires continued vesting during a statutory notice period, your right to vest in the options, if any, will terminate effective as of the last date of the minimum statutory notice period.

The following provisions apply if you are a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy Notice and Consent. This provision supplements Section 14 of the Agreement:

You hereby authorize the Company and the Company's representative to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan. You further authorize the Company and your Employer to disclose and discuss your participation in the Plan with their advisors. You also authorize the Company and your Employer to record such information and keep it in your employee file.

Notifications

Securities Law Information. The sale of shares of Common Stock acquired under the Plan may not take place in Canada. This requirement will be satisfied where the shares of Common Stock are sold by the designated broker under the Plan through the facilities of the U.S. stock exchange on which the shares of Common Stock are currently listed (*i.e.*, the Nasdaq stock market).

Foreign Asset/Account Reporting Information. Canadian residents are required to report their foreign specified property (*e.g.*, shares of Common Stock) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C$100,000 at any time in the year. Your option must be reported—generally at a nil cost—if the C$100,000 threshold is exceeded because of other foreign specific property held by you. The shares of Common Stock acquired under the Plan must be reported and their cost generally is the adjusted cost base ("***ACB***") of the shares of Common Stock. The ACB ordinarily would equal the fair market value of the shares of Common Stock at the time of acquisition, but if such Canadian resident owns other shares of Common Stock, this ACB may have to be averaged with the ACB of the other shares. The form T1135 generally must be filed by April 30 of the following year. Canadian residents should consult with a personal advisor to ensure compliance with the applicable reporting requirements.

France

Terms and Conditions

Options Not Tax-Qualified. The options granted under this Agreement are not intended to qualify for special tax and social security treatment pursuant to Sections L. 225-177 to L. 225-186-1 of the French Commercial Code, as amended.

Language Consent. By accepting your option, you confirm having read and understood the documents relating to this grant (the Plan, the Agreement and this Appendix) which were provided in English language. You accept the terms of these documents accordingly.

En acceptant l'attribution, vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan, le contrat et cette Annexe) qui ont été communiqués en langue anglaise. Vous acceptez les termes en connaissance de cause.

Notifications

Foreign Asset/Account Reporting Information. French residents holding cash or securities (including shares of Common Stock) outside of France or maintaining a foreign bank or brokerage account (including accounts opened or closed during the tax year) must declare such assets and accounts to the French tax authorities when filing an annual tax return. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In the event you make or receive a payment in excess of this amount, you must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de).

Foreign Asset/Account Reporting Information. If your acquisition of shares acquired under the Plan leads to a so-called qualified participation at any point during the calendar year, you may need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) you own at least 1% of the Company and the value of the shares of Common Stock acquired exceeds €150,000 or (ii) you hold shares of Common Stock exceeding 10% of the Company's total Common Stock.

United Arab Emirates

Notifications

Securities Law Information. Participation in the Plan is being offered only to eligible employees and is in the nature of providing equity incentives to employees in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development has approved the Plan or the Agreement nor taken steps to verify the information set out therein, and has no responsibility for such documents.

United Kingdom

Terms and Conditions

Responsibility for Taxes. This provision supplements Section 11 of the Agreement:

Without limitation to Section 11 of the Agreement, you hereby agree that you are liable for any Tax-Related Items related to your participation in the Plan and hereby covenant to pay such Tax-Related Items, as and when requested by the Company or (if different) the Employer or by Her Majesty's Revenue & Customs ("***HMRC***") (or any other tax or relevant authority). You also hereby agree to indemnify and keep indemnified the Company and (if different) the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax or relevant authority) on your behalf.

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), you understand that the foregoing provision will not apply. Instead, any Tax-Related Items not collected or paid may constitute a benefit to you on which additional income tax and National Insurance Contributions ("***NICs***") may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any employee NICs due on this additional benefit, which can be recovered by any means set out in the Agreement.

National Insurance Contributions Acknowledgment. As a condition of participation in the Plan and the exercise of the options, you agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the options and any event giving rise to Tax-Related Items (the "***Employer NICs***"). Without limitation to the foregoing, you agree to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or election. You further agree to execute such other joint elections as may be required between you and any successor to the Company and/or the Employer. You further agree that the Company and/or the Employer may collect the Employer NICs from you by any of the means set forth in Section 10 of the Agreement. You must enter into the Joint Election concurrent with the execution of the Agreement.

If you do not enter into a Joint Election prior to the exercise of the options or if approval of the Joint Election has been withdrawn by HMRC, the options shall become null and void without any liability to the Company and/or the Employer.

Exhibit 10.2

Restricted Stock Unit Grant Notice

Omnicell, Inc.
590 E. Middlefield,
Mountain View, CA 94043

Name: Employee ID:

You have been granted a Restricted Stock Unit Award in Omnicell, Inc. Common Stock as follows:

Type of Award: Restricted Stock Unit (RSU)
Grant No.:
Equity Incentive Plan: 2009 Equity Incentive Plan
Date of Grant:
Shares Subject to Award:
Fair Market Value per Unit:
Total Price of Stock Unit:

Vesting Date	**Number of Shares Vesting on Vesting Date**

Delivery Schedule: Pursuant to Section 6 of the 2009 Equity Incentive Plan Global Restricted Stock Unit Award Agreement (the "Restricted Stock Unit Award Agreement"), the Company shall deliver on each vesting date one share of Common Stock for each Stock Unit which vests on such date, less any shares to be withheld pursuant to Section 10 of such Global Restricted Stock Unit Award Agreement.

By your acceptance of this Restricted Stock Unit Grant, you agree that this award is granted under and governed by the terms and conditions of this Grant Notice, Omnicell, Inc.'s 2009 Equity Incentive Plan (as amended from time to time) (the "Plan") and by the terms and conditions of the Global Restricted Stock Unit Award Agreement which is attached hereto.

You understand and agree that as of the Date of Grant, this Grant Notice, the Global Restricted Stock Unit Award Agreement and the Plan set forth the entire understanding between you and Omnicell, Inc. regarding the grant set forth herein, and the underlying Common Stock, and supersede all prior oral and written agreements on that subject.

Chief Financial Officer

Attachment: Global Restricted Stock Unit Award Agreement

Omnicell, Inc.
2009 Equity Incentive Plan

Global Restricted Stock Unit Award Agreement

Amended by the Compensation Committee
of the Board of Directors: July 22, 2020

Pursuant to the Restricted Stock Unit Grant Notice ("***Grant Notice***") and this Global Restricted Stock Unit Award Agreement, including any country-specific appendix thereto (the "***Appendix***" and collectively, the "***Agreement***") and in consideration of your services, Omnicell, Inc. (the "***Company***") has awarded you a Restricted Stock Unit Award (the "***Award***") under its 2009 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon the acceptance by you of the Grant Notice to which it is attached. Defined terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan. In the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. Grant of the Award. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of shares of Common Stock subject to the Award. This Award was granted in consideration of your future services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than services to the Company or an Affiliate) with respect to your receipt of the Award, the vesting of the shares or the delivery of the underlying Common Stock.

2. Vesting. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. For purposes of your Award, a termination of your Continuous Service will be deemed to have occurred as of the date you are no longer actively providing services to the Company or an Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or otherwise rendering services, or the terms of your employment or other service agreement, if any). Your employment or service relationship will not be extended by any notice period (e.g., your period of service will not be extended by any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or otherwise rendering services, or the terms of your employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when you are no longer providing Continuous Services for purposes of your Award (including whether you may still be considered to be providing services while on a leave of absence). Upon such termination of your Continuous Service, the shares credited to the Account that were not vested on the date of such termination will be forfeited at

no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock. For the avoidance of doubt, service during any portion of the vesting period shall not entitle you to vest in a pro rata portion of the Award.

3. Number of Shares.

(a) The number of shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan.

(b) Any shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other shares covered by your Award.

(c) Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. The Board shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 3.

4. Compliance with Law. You may not be issued any shares under your Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable securities and exchange control laws and regulations relevant to the Company and the offer of the RSUs and the underlying shares of Common Stock, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You understand that the Company is under no obligation to register or qualify the shares of Common Stock with the SEC or any state or non-U.S. securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares of Common Stock. Further, you agree that the Company shall have unilateral authority to amend this Agreement without your consent, to the extent necessary to comply with securities or other laws applicable to the issuance of shares of Common Stock.

5. Limitations on Transfer. Your Award is not transferable, except by will or by applicable laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 6 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws. Notwithstanding the foregoing and to the extent permitted by applicable laws, (i) by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death pursuant to this Agreement or (ii) upon receiving written

permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order or marital settlement agreement that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. Date of Issuance. The Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested shares subject to your Award, including any additional shares received pursuant to Section 3 above that relate to those vested shares on the applicable vesting date(s). However, if a scheduled delivery date falls on a date that is not a U.S. business day, such delivery date shall instead fall on the next following U.S. business day. The form of such delivery (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. Dividends. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in Section 9(a) of the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

8. Restrictive Legends. The shares issued under your Award shall be endorsed with appropriate legends determined by the Company.

9. Award not a Service Contract.

(a) Your Continuous Service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason. Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in Section 2 herein or the issuance of the shares subject to your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate you and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in Section 2 is earned only by continuing to provide Continuous Service (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your Continuous Service at any time.

(c) No claim or entitlement to compensation or damages shall arise from forfeiture of the Awards resulting from the termination of your Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any).

10. Responsibility for Taxes.

(a) You acknowledge that, regardless of any action taken by the Company or, if different, the Affiliate employing or otherwise retaining your services (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (***"Tax-Related Items"***), is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Common Stock acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

On or before the time you receive a distribution of the shares in respect of your Award, or at any time thereafter as requested by the Company and/or the Employer, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the Tax-Related Items. Except as provided below, the Company shall withhold from the shares of Common Stock issuable to you to satisfy the Tax-Related Items. By your acceptance of the Award, you agree that: (i) in the event that such withholding from the shares of Common Stock is problematic under applicable tax or securities law or has materially adverse accounting consequences, the Company shall instead withhold from any other compensation paid to you by the Company or the Employer in partial or full satisfaction of the Tax-Related Items, and (ii) the Company may determine in its sole discretion to instead withhold from any other compensation paid to you by the Company or the Employer in partial or full satisfaction of the Tax-Related Items, provided that if you are subject to reporting obligations under Section 16 of the Exchange Act, exercise of such discretion is subject to the prior approval and direction of the Committee. In no way limiting the foregoing, the Company is hereby authorized to withhold shares of Common Stock that are otherwise to be issued and delivered to you under this Award in partial or full satisfaction of the Tax-Related Items; provided, however, that no shares of Common Stock shall be withheld with a value exceeding the minimum amount of tax required to be withheld by law. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested Award, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

(b) You agree to pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Unless the obligation for Tax-Related Items is satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(c) In the event the obligation of the Company and/or any Affiliate to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the withholding obligation was greater than the amount, if any, withheld by the Company and/or any Affiliate, you agree to indemnify and hold the Company and its Affiliates harmless from any failure by the Company and/or any Affiliate to withhold the proper amount.

11. Unsecured Obligation. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company’s obligation, if any, to issue shares pursuant to this Agreement. You shall not have

voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

12. Notices. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

13. Nature of Grant. In accepting the grant, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;

(c) all decisions with respect to future Awards or other grants, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) the Awards and the shares of Common Stock subject to the Awards, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the Awards and the shares of Common Stock subject to the Awards, and the income from and value of same, are not part of normal or expected compensation for purposes of, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(g) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(h) unless otherwise agreed with the Company, the Awards and the shares of Common Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any service you may provider as a director of any parent company or Affiliate;

(i) unless otherwise provided in the Plan or by the Company in its discretion, the Awards and the benefits evidenced by this Agreement, do not create any entitlement to have the Awards or any such benefits transferred to or assumed by another company, nor to be exchanged, cashed out or substituted for in connection with any corporate transaction affecting the Common Stock; and

(j) neither the Company, the Employer nor any Subsidiary or Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Awards or of any amounts due to you pursuant to the settlement of the Awards or the subsequent sale of any shares of Common Stock acquired upon settlement.

14. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

15. ***Data Privacy. If you would like to participate in the Plan, you will need to review the information provided in this Section 15 and, where applicable, declare consent to the processing and/or transfer of personal data as described below.***

(a) ***Data Collection and Usage. The Company collects, processes and uses personal data about you, including but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Awards or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or your Employer ("Personal Data"). In order you to participate in the Plan, the Company will collect Personal Data for purposes of allocating shares of Common Stock and implementing, administering and managing the Plan.***

If you are based in the United Kingdom, the EU or EEA, the Company's legal basis for the processing of Personal Data is the necessity of the processing for the Company's performance of its obligations under the Plan and, where applicable, the Company's legitimate interest of complying with contractual or statutory obligations to which it is subject.

If you are based in any other jurisdiction, the Company's legal basis for the processing of Personal Data is your consent, as further described below.

(b) ***Stock Plan Administration and Service Providers. The Company may transfer Personal Data to Morgan Stanley/E*Trade ("Service Provider"), an independent service provider based in the U.S., which is assisting the Company with the implementation, administration and management of the Plan. Service Provider may open an account for you to receive and trade shares of Common Stock. You may be asked to acknowledge, or agree to, separate terms and data processing practices with Service Provider, with such agreement being a condition to the ability to participate in the Plan.***

(c) ***International Data Transfers. Personal Data will be transferred from your country to the U.S., where the Company and its service providers are based. You understand and acknowledge that the U.S. might have enacted data privacy laws that are less protective or otherwise different from those applicable in your country of residence. For example, the EU Commission has issued only a limited adequacy finding with respect to the U.S. that applies solely if and to the extent companies self-certify and remain self-certified under the EU/U.S. Privacy Shield program. In the absence of such certification, an appropriate level of protection can be achieved by implementing safeguards such as the Standard Contractual Clauses adopted by the EU Commission.***

If you are based in the UK/EU/EEA, Personal Data will be transferred from the UK/EU/EEA to the Company based on the Company's certification under the EU-U.S. Privacy Shield program. The onward transfer of Personal Data by the Company to Service Provider will be based on consent and/or applicable data protection laws. You may request a copy of such appropriate safeguards at GDPR@omnicell.com.

If you are based in any other jurisdiction, the Company's legal basis for the transfer of the Personal Data to the U.S. is your consent, as further described below.

(d) ***Data Retention. The Company will use Personal Data only as long as necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including, without limitation, under tax and securities laws. When the Company no longer needs Personal Data for any of the above purposes, the Company will cease to use Personal Data for this purpose. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations (if you are in the UK/EU/EEA) and/or your consent (if you are outside the UK/EU/EEA).***

(e) ***Data Subject Rights. You understand that you may have a number of rights under data privacy laws in your jurisdiction. Subject to the conditions set out in the applicable law and depending on where you are based, such rights may include the right to (i) request access to, or copies of, Personal Data processed by the Company, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrictions on the processing of Personal Data, (v) object to the processing of Personal Data for legitimate interests, (vi) portability of Personal Data, (vii) lodge complaints with competent authorities in your jurisdiction, and/or to (viii) receive a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding these rights or to exercise these rights, you can contact GDPR@omnicell.com or our EU Data Protection Officer as follows:***

2B Advice GmbH
Joseph-Schumpeter-Allee 25, 53227 Bonn, Germany
Telephone: +49 228 926165 120
E-Mail: omnicell@2b-advice.com

(f) ***Necessary Disclosure of Personal Data. You understand that providing the Company with Personal Data is necessary for the performance of the Agreement and that your refusal to provide Personal Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.***

(g) ***Voluntariness and Consequences of Consent Denial or Withdrawal. If you are located in a jurisdiction outside the UK/EU/EEA, you hereby unambiguously consent to the collection, use and transfer, in electronic or other form, of your Personal Data, as described above and in any other grant materials, by and among, as applicable, your Employer, the Company and any Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that you may, at any time, refuse or withdraw the consents herein, in any case without cost, by contacting in writing your human resources representative. If you do not consent or later seek to revoke your consent, your employment status or service with your Employer will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Awards or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing consent may affect your ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, you should contact your local human resources representative.***

Declaration of Consent. If you are based outside of the UK/EU/EEA, by accepting the Awards and indicating consent by signing the Grant Notice or through the Company's online acceptance procedure, you explicitly declare your consent to the entirety of the Personal Data processing operations described above including, without limitation, the onward transfer of Personal Data by the Company to the Service Provider or, as the case may be, a different service provider of the Company in the U.S.

16. Miscellaneous.

(a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

17. Governing Plan Document. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

18. Language. You acknowledge that you are sufficiently proficient in English or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. Choice of Law; Venue. The interpretation, performance and enforcement of this Agreement will be governed by the law of the state of California without regard to such state's conflicts of laws rules. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

21. Amendment. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed or otherwise accepted by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right, by written notice to you, to impose new provisions or to change the existing provisions of this Agreement in any way it may deem necessary or advisable for legal or administrative reasons to carry out the purpose of the grant.

22. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States, your country, the broker's country and the country or countries in which the Common Stock is listed, which may affect your ability, directly or indirectly, to purchase or sell, or attempt to sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (*e.g.*, Awards), or rights linked to the value of shares of Common Stock, during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before possessing the inside information. Furthermore, you understand that you may be prohibited from (i) disclosing the inside information to any third party, including fellow employees and (ii) "tipping" third parties by sharing with them Company insider information, or otherwise causing third parties to buy or sell Company securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may apply to you under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

23. Foreign Asset/Account Reporting Requirements. If you reside in a country outside the United States, there may be certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares of Common Stock or cash received from participating in the Plan (including from any dividends paid on shares of Common Stock) in a brokerage account or bank outside of your country. You may be required to report such accounts, assets or related transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of participating in the Plan to your country within a certain time after receipt. It is your

responsibility to comply with such regulations and you should speak to your personal legal advisor on this matter.

24. Appendix. Notwithstanding any provisions in this Agreement, the Award grant shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for your country. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country, if any, will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

25. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the Awards and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

26. Waiver. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other Participant.

27. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

* * * * *

Appendix

Omnicell, Inc.
2009 Equity Incentive Plan

Global Restricted Stock Unit Award Agreement

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Global Restricted Stock Unit Agreement (the "Agreement") or the Plan.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Restricted Stock Unit Award ("***RSUs***") granted to you under the Plan if you work and/or reside in one of the countries listed below. This Appendix forms part of the Agreement.

If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment and/or residency to another country after the Date of Grant, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to you.

Notifications

This Appendix also includes information regarding exchange control and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time you vest in the RSUs and acquire shares of Common Stock or sell shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment and/or residency to another country after the Date of Grant, or are considered a resident of another country for local law purposes, the information contained herein may not apply to you in the same manner.

Australia

Notifications

Offer Document. This Offer Document sets out information regarding the grant of RSUs over shares of the Company to Australian residents and is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000.

In addition to the information set out in this Offer Document, you also are being provided with copies of the following documents:

(a) the Agreement;

(b) the Grant Notice;

(c) the Plan;

(d) the U.S. prospectus for the Plan (the "Plan Prospectus"); and

(e) the Employee Information Supplement for Australia.

(collectively, the "Additional Documents").

The Agreement sets out, among other details, the vesting conditions applicable to your RSUs, information on the settlement of your RSUs and the consequences of a change in the nature or status of your employment.

The other Additional Documents provide further information to assist you to make an informed investment decision in relation to your participation in the Plan. Neither the Plan nor the Plan Prospectus is a prospectus for the purposes of the Corporations Act.

You should not rely upon any oral statements made to you in relation to this offer. You should only rely upon the statements contained in this Offer Document and the Additional Documents when considering your participation in the Plan.

Securities Law Notification

Investment in shares involves a degree of risk. Eligible persons who elect to participate in the Plan should monitor their participation and consider all risk factors relevant to the acquisition of shares under the Plan as set out in this Offer Document and the Additional Documents.

The information contained in this Offer Document and the Additional Documents is general information only. Any information set out in this Offer Document or in the Additional Documents in relation to this offer of RSUs does not take into account your objectives, financial situation or needs.

Persons participating in the Plan should consider obtaining their own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice.

Additional Risk Factors for Australian Residents

Australian residents should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of shares. For example, the price at which shares are quoted on the Nasdaq Global Select Market ("Nasdaq") may increase or decrease due to a number of factors. There is no guarantee that the price of shares will increase. Factors which may affect the price of shares include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

More information about potential factors that could affect the Company's business and financial results is included in the Company's most recent Annual Report on Form 10-K and the Company's Quarterly Report on Form 10-Q, available upon request. In addition, you should be aware that the Australian dollar value of shares you may acquire at vesting will be affected by the U.S. dollar/Australian dollar exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

Shares of Common Stock

Shares represent common stock in a U.S. corporation, and are analogous to the common shares of an Australian corporation to the extent that your liability is limited as a shareholder. However, ownership of shares may not be taxed in the same manner as ownership of shares in an Australian corporation and a portion of the gain from a disposition of your shares of shares may be subject to U.S. federal income tax. You are urged to consult your own legal and tax advisors concerning the consequences to you of holding and disposing of shares.

Dividends may be paid on shares at the discretion of the board of directors of the Company

Shares are traded on the Nasdaq Stock Market in the United States of America and are traded under the symbol "OMCL".

Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining Market Price of Shares

You may ascertain the current or historical market price of shares as traded on the Nasdaq at http://www.nasdaq.com under the symbol "OMCL". The Australian dollar equivalent of that price can be obtained at: http://www.rba.gov.au/statistics/frequency/exchange-rates.html.

This will not be a prediction of what the market price per share will be when the RSUs vest or when the shares are issued or of the applicable exchange rate on the actual vesting date or date the shares are issued.

Tax Information

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in the Act). For information related to the Australian tax consequences of the RSUs, please refer to the Employee Information Supplement for Australia.

Canada

Terms and Conditions

Settlement of RSUs. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the RSUs do not provide any right for you, as a resident of Canada, to receive a cash payment and the RSUs shall be paid in shares of Common Stock only.

Nature of Grant. The following provision replaces Section 2 of the Agreement:

Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

For purposes of the Award, a termination of your Continuous Service will be deemed to occur as of the date that is the earlier of (i) the date of your termination, (ii) the date you receive notice of termination, or (iii) the date you are no longer actively providing services and will not be extended by any notice period (*e.g*., active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under Canadian laws or the terms of your employment or service agreement, if any), regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or providing services or the terms of your employment or service agreement, if any; unless otherwise expressly provided in this Agreement or determined by the Company, your right to vest in the Awards under the Plan, if any, will terminate as of such date; in the event that the date you are no longer actively providing services cannot be reasonably determined under the terms of this Agreement and the Plan, the Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your Award (including whether you may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment legislation explicitly requires continued vesting during a statutory notice period, your right to vest in the Awards, if any, will terminate effective as of the last date of the minimum statutory notice period.

The following provisions apply if you are a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy Notice and Consent. This provision supplements Section 15 of the Agreement:

You hereby authorize the Company and the Company's representative to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan. You further authorize the Company and your Employer to disclose and discuss your participation in the Plan with their advisors. You also authorize the Company and your Employer to record such information and keep it in your employee file.

Notifications

Securities Law Information. The sale of shares of Common Stock acquired under the Plan may not take place in Canada. This requirement will be satisfied where the shares of Common Stock are sold by the designated broker under the Plan through the facilities of the U.S. stock exchange on which the shares of Common Stock are currently listed (*i.e.*, the Nasdaq stock market).

Foreign Asset/Account Reporting Information. Canadian residents are required to report their foreign specified property (*e.g.*, shares of Common Stock) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C$100,000 at any time in the year. The RSUs must be reported—generally at a nil cost—if the C$100,000 threshold is exceeded because of other foreign specific property held by you. The shares of Common Stock acquired under the Plan must be reported and their cost generally is the adjusted cost base ("***ACB***") of the shares of Common Stock. The ACB ordinarily would equal the fair market value of the shares of Common Stock at the time of acquisition, but if such Canadian resident owns other shares of Common Stock, this ACB may have to be averaged with the ACB of the other shares. The form T1135 generally must be filed by April 30 of the following year. Canadian residents should consult with a personal advisor to ensure compliance with the applicable reporting requirements.

France

Terms and Conditions

RSUs Not Tax-Qualified. The RSUs granted under this Agreement are not intended to qualify for special tax and social security treatment pursuant to Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended.

Language Consent. By accepting the RSUs, you confirm having read and understood the Plan and Agreement, including all terms and conditions included therein, which were provided in the English language. You accept the terms of those documents accordingly.

En acceptant les droits sur des actions assujettis à restrictions (« restricted stock units » ou « RSUs »), vous confirmez avoir lu et compris le Plan et le Contrat, en ce compris tous les termes et conditions de ces documents, qui ont été fournis en langue anglaise. Vous acceptez les dispositions de ces documents en connaissance de cause.

Notifications

Foreign Asset/Account Reporting Information. French residents holding cash or securities (including shares of Common Stock) outside of France or maintaining a foreign bank or brokerage account (including accounts opened or closed during the tax year) must declare such assets and accounts to the French tax authorities when filing an annual tax return. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In the event you make or receive a payment in excess of this amount, you must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de).

Foreign Asset/Account Reporting Information. If your acquisition of shares acquired under the Plan leads to a so-called qualified participation at any point during the calendar year, you may need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) you own at least 1% of the Company and the value of the shares of Common Stock acquired exceeds €150,000 or (ii) you hold shares of Common Stock exceeding 10% of the Company's total Common Stock.

United Arab Emirates

Notifications

Securities Law Information. Participation in the Plan is being offered only to eligible employees and is in the nature of providing equity incentives to employees in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such employees and must not be delivered to, or relied on by, any other person. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai

Department of Economic Development has approved the Plan or the Agreement nor taken steps to verify the information set out therein, and has no responsibility for such documents.

United Kingdom

Terms and Conditions

Settlement. The following provision supplements Section 3 of the Agreement:

Notwithstanding any discretion contained in the Plan or the Agreement, the RSUs will not be settled in cash or a combination of cash and shares of Common Stock. The RSUs will be settled only in shares of Common Stock.

Responsibility for Taxes. This provision supplements Section 10 of the Agreement:

Without limitation to Section 10 of the Agreement, you hereby agree that you are liable for any Tax-Related Items related to your participation in the Plan and hereby covenant to pay such Tax-Related Items, as and when requested by the Company or (if different) the Employer or by Her Majesty's Revenue & Customs ("***HMRC***") (or any other tax or relevant authority). You also hereby agree to indemnify and keep indemnified the Company and (if different) the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax or relevant authority) on your behalf.

Notwithstanding the foregoing, if you are an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. Instead, any Tax-Related Items not collected or paid may constitute a benefit to you on which additional income tax and National Insurance Contributions ("***NICs***") may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any employee NICs due on this additional benefit, which can be recovered by any means set out in the Agreement.

National Insurance Contributions Acknowledgment. As a condition of participation in the Plan and the vesting of the RSUs, you agree to accept any liability for secondary Class 1 NICs which may be payable by the Company and/or the Employer in connection with the RSUs and any event giving rise to Tax-Related Items (the "***Employer NICs***"). Without limitation to the foregoing, you agree to execute a joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or election. You further agree to execute such other joint elections as may be required between you and any successor to the Company and/or the Employer. You further agree that the Company and/or the Employer may collect the Employer NICs from you by any of the means set forth in Section 10 of the Agreement. You must enter into the Joint Election concurrent with the execution of the Agreement.

If you do not enter into a Joint Election prior to the vesting of the RSUs or if approval of the Joint Election has been withdrawn by HMRC, the RSUs shall become null and void without any liability to the Company and/or the Employer.

Exhibit 31.1

CERTIFICATION

I, Randall A. Lipps, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omnicell, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 31, 2020

/s/ Randall A. Lipps

Randall A. Lipps
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Peter J. Kuipers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Omnicell, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 31, 2020

/s/ Peter J. Kuipers

Peter J. Kuipers

Executive Vice President & Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

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

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2020 (the "Quarterly Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

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

In witness whereof, the undersigned have set their hands hereto as of the 31st day of July, 2020.

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

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