

GrubHub Inc.
Form 10-K
March 05, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File Number 1-36389

GRUBHUB INC.

(Exact name of Registrant as specified in its Charter)

Delaware	46-2908664
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)
111 W. Washington Street, Suite 2100	
Chicago, Illinois	60602
(Address of principal executive offices)	(Zip Code)

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Registrant's telephone number, including area code: (877) 585-7878

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.0001 par value per share	New York Stock Exchange

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

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES NO

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

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The New York Stock Exchange on June 30, 2014, was

\$2,002,882,799.

The number of shares of Registrant's Common Stock outstanding as of February 27, 2015 was 83,643,213.

Portions of the Registrant's Definitive Proxy Statement relating to the Annual Meeting of Stockholders, scheduled to be held on May 20, 2015, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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The following should be read in conjunction with the audited consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K. Unless otherwise stated, the discussion below primarily reflects the historical condition and results of operations for (i) Seamless North America, LLC (“Seamless North America”) from January 1, 2012 through October 28, 2012, the date when Aramark Corporation (“Aramark”) completed the spin-off of its interest in the Seamless business, (ii) Seamless Holdings Corporation (“Seamless Holdings” and, together with Seamless North America, the “Seamless Platform”), an entity formed for the purpose of completing the spin-off and whose assets primarily consist of Aramark’s former interest in the Seamless business and its subsidiaries, from October 28, 2012 through December 31, 2012 and from January 1, 2013 through August 8, 2013 (the “Merger Date”), (iii) for both GrubHub Holdings Inc. (the “GrubHub Platform” and collectively with the Seamless Platform, the “platform”) and the Seamless Platform after the Merger Date through December 31, 2013 and (iv) GrubHub Inc. as of December 31, 2013 and 2014 and for the year ended December 31, 2014. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect the plans, estimates, and beliefs of the Company (as defined below). Actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in Part I, Item 1A, “Risk Factors”. The forward-looking statements in this Annual Report on Form 10-K are made as of the date of this Annual Report on Form 10-K, and the Company disclaims any intention or obligation to update or revise any forward-looking statements to reflect events or circumstances occurring after the date of this Annual Report on Form 10-K. See “Cautionary Statement Regarding Forward-Looking Statements” below for additional information.

PART I.

Item 1. Business

Company Overview

GrubHub Inc. and its wholly-owned subsidiaries (collectively referred to as the “Company,” “GrubHub,” “we,” “us,” and “our”) is the leading online and mobile platform for restaurant pick-up and delivery orders, which the Company refers to as takeout. The Company connects more than 30,000 local restaurants with hungry diners in more than 800 cities across the United States and is focused on transforming the takeout experience. For restaurants, GrubHub generates higher margin takeout orders at full menu prices. The GrubHub platform empowers diners with a “direct line” into the kitchen, avoiding the inefficiencies, inaccuracies and frustrations associated with paper menus and phone orders. The Company has a powerful two-sided network that creates additional value for both restaurants and diners as it grows.

The Company’s target market is primarily composed of independent restaurants. These independent restaurants remain local, highly fragmented and are mostly owner-operated family businesses. According to Euromonitor, Americans spent \$221 billion at these approximately 365,000 independent restaurants in 2013. Of that amount, the Company believes that Americans spent approximately \$70 billion on takeout at these independent restaurants in 2013.

For restaurants, takeout enables them to grow their business without adding seating capacity or wait staff. Advertising for takeout, typically done through the distribution of menus to local households or advertisements in local publications, is often inefficient and requires upfront payment with no certainty of success. In contrast, GrubHub provides restaurants on its platform with an efficient way to generate more takeout orders. GrubHub enables restaurants to access local diners at the moment when those diners are hungry and ready to purchase takeout. In addition, the Company does not charge the restaurants in its network any upfront or subscription fees, does not require any discounts from their full price menus and only gets paid for the orders the Company generates for them, providing restaurants with a low-risk, high-return solution. The Company charges restaurants a per-order commission that is primarily percentage-based.

For diners, the traditional takeout ordering process is often a frustrating experience—from using paper menus to communicating an order by phone to a busy restaurant employee. In contrast, ordering on GrubHub is enjoyable and a dramatic improvement over the “menu drawer.” The Company provides diners on the platform with an easy-to-use,

intuitive and personalized platform that helps them search for and discover local restaurants and then accurately and efficiently place an order from any Internet-connected device. GrubHub also provides diners with information and transparency about their orders and status and solves problems that may arise. In addition, the Company makes re-ordering convenient by storing previous orders, preferences and payment information, helping to promote diner frequency and drive strong repeat business.

The proliferation of mobile devices over the past few years has significantly increased the value of the GrubHub platform. The Company's powerful, easy-to-use mobile applications for iPhone, iPad and Android, enable diners to access GrubHub whenever and wherever they want takeout. The discovery and ordering capabilities that are available on the Company's consumer websites are also available through its mobile applications. GrubHub monetizes the orders placed through its mobile applications using the same rate as orders placed through its websites. The Company's mobile applications make ordering from GrubHub more accessible and personal, driving increased use of the platform by restaurants and diners. Orders placed on mobile devices increased from approximately 25% of consumer orders during the first quarter of 2012 to approximately 51% of consumer orders during the quarter ended December 31, 2014.

The Company generates revenues primarily when diners place an order on its platform. Restaurants pay a commission, typically a percentage of the transaction on orders that are processed through the Company's platform. Most of the restaurants on the Company's platform can choose their level of commission rate, at or above the minimum rate, to affect their relative priority in the Company's sorting algorithms, with restaurants paying higher commission rates generally appearing higher in the search order than restaurants paying lower commission rates. For most orders, diners use a credit card to pay the Company for their meal when the order is placed. For these transactions, the Company collects the total amount of the order from the diner and remits the net proceeds to the restaurant less commission. The Company generally accumulates funds and remits the net proceeds to the restaurants on at least a monthly basis. The Company also deducts commissions for other transactions that go through its platform, such as cash transactions for restaurants in the network, from the aggregate proceeds received.

Organization

The GrubHub Platform was founded in 2004 and the Seamless Platform was founded in 1999. The merger of the GrubHub Platform and the Seamless Platform (the "Merger") was completed on August 8, 2013. The Merger enabled the Company to expand its two-sided network, connecting customers in the geographies it serves with more restaurants. Through the combination of the GrubHub Platform and the Seamless Platform, the Company was able to eliminate duplicative expenses and take advantage of a complementary geographic footprint.

On April 4, 2014, the Company completed an initial public offering (the "IPO") and its common stock is listed on The New York Stock Exchange (the "NYSE") under the symbol "GRUB".

Reorganization and History

Overview of Reorganization

On August 8, 2013, GrubHub Inc. acquired, through a series of transactions, all of the equity interests of each of Seamless North America, Seamless Holdings and GrubHub Holdings Inc. pursuant to that certain Reorganization and Contribution Agreement, dated as of May 19, 2013, by and among GrubHub Inc., Seamless North America, Seamless Holdings, GrubHub Holdings Inc. and the other parties thereto (the "Reorganization Agreement"). Following this transaction, the Company concluded that Seamless Holdings was deemed the acquirer for financial reporting purposes (see Part II, Item 8, Note 3, "Acquisitions" of this Annual Report on Form 10-K). Accordingly, the acquisition of GrubHub Holdings Inc. has been accounted for as a business combination. The results of operations of GrubHub Holdings Inc. have been included in the Company's financial statements since August 9, 2013. In February 2014, GrubHub Seamless Inc. was renamed GrubHub Inc.

Prior to the Reorganization

Seamless North America was originally incorporated in Delaware in December 1999, and was converted to a Delaware limited liability company. Seamless North America was a single member LLC and wholly owned subsidiary of Aramark until June 6, 2011. In June 2011, Aramark sold an approximate 26% interest in Seamless North America in the form of convertible preferred stock to SLW Investors, LLC ("SLW Investors"), an entity controlled by a private equity firm.

On October 17, 2012, Aramark formed Seamless Holdings, as a wholly owned subsidiary for the purpose of completing a spin-off of its approximate 74% equity interest in Seamless North America. Prior to the spin-off, Aramark distributed all of the issued and outstanding shares of the common stock of Seamless Holdings to its parent company and sole shareholder, Aramark Intermediate Holdco Corporation ("Aramark Intermediate"). Thereafter, Aramark Intermediate distributed such shares to Aramark Holdings (the ultimate parent company of Aramark), which then distributed all of the shares of Seamless Holdings on a pro rata basis to the Aramark Holdings shareholders as of October 26, 2012, the record date. Each Aramark Holdings shareholder received one share of Seamless Holdings

common stock for each share of Aramark Holdings common stock owned as of the record date.

The financial position and results of operations of Seamless Holdings and Seamless North America have been included in the consolidated financial statements for all periods presented.

Growth Strategy

The Company strives to make GrubHub an integral part of everyday life for restaurants and diners through the following growth strategies:

- Grow the Two-Sided Network. The Company intends to continue to grow the number of restaurants in existing geographic markets by providing them with opportunities to generate more takeout orders. The Company intends to continue to grow the number of diners and orders placed on the network primarily through word-of-mouth referrals, marketing that encourages adoption of the Company's mobile applications and increased order frequency.
- Enhance the Platform. The Company plans to continue to invest in its websites and mobile products, develop new products and better leverage the significant amount of order data that the Company collects.

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- Deliver Excellent Customer Service. By meeting and exceeding the expectations of both restaurants and diners through customer service, the Company seeks to gain their loyalty and support for the platform.
- Pursue Strategic Acquisitions. The Company intends to continue to pursue expansion opportunities in existing and new markets, as well as in core and adjacent categories through strategic acquisitions.

Key Metrics

For a description of the Company's key metrics, including Active Diners, Daily Average Grubs and Gross Food Sales, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K.

The GrubHub Solution

The Company focuses on providing value to both restaurants and diners through its two-sided network. GrubHub provides restaurants with more orders, helps them serve diners better and enables them to improve the efficiency of their takeout business. For diners, GrubHub makes takeout accessible, simple and enjoyable, enabling them to discover new restaurants and accurately and easily place their orders anytime and from anywhere.

Restaurant Benefits

With more than 30,000 restaurants in the Company's network as of December 31, 2014, management believes that GrubHub provides restaurants with the following key benefits:

- More Orders. Through GrubHub, restaurants in the network receive more orders at full menu prices.
- Targeted Reach. Restaurants in the network gain an online and mobile presence with the ability to reach their most valuable target audience—hungry diners in their area.
- Low Risk, High Return. GrubHub generates higher margin takeout orders for the restaurants in its network by enabling them to leverage their existing fixed costs.
- Efficiency. Restaurants in the network can receive and handle a larger volume of takeout orders more accurately, increasing their operational efficiency while providing their takeout diners with a high-quality experience.
- Insights. GrubHub provides restaurants with actionable insights based on the significant amount of order data the Company gathers, helping them to optimize their delivery footprints, menus, pricing and online profiles.
- Delivery. In certain markets, the Company provides delivery services to a small percentage of restaurants on its platform. By providing delivery services, the Company allows restaurants to focus on making great food while GrubHub handles the complexity of operating the delivery networks.

Diner Benefits

With 5.0 million Active Diners as of December 31, 2014 and more than 182,800 combined Daily Average Grubs during the year ended December 31, 2014, management believes that GrubHub provides diners with the following key benefits:

- Discovery. GrubHub aggregates menus and enables ordering from restaurants across more than 800 cities in the United States as of December 31, 2014, in most cases providing diners with more choices than the "menu drawer" and allowing them to discover hidden gems from local restaurants in the network.
- Convenience. Using GrubHub, diners do not need to place their orders over the phone. GrubHub provides diners with an easy-to-use, intuitive and personalized platform that makes ordering simple from any connected device.
- Control and Transparency. The GrubHub platform empowers diners with a "direct line" into the kitchen, without having to talk to a distracted order-taker in an already error-prone process.

·Service. For diners, GrubHub's role is similar to that of the waiter in a restaurant, providing a critical layer of customer service that is typically missing in takeout.

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Challenges

The Company faces several key challenges in continuing to grow its business and maintaining profitability. These challenges include that:

- the ability to realize the benefits of acquired businesses depends on the successful integration of the operations of the acquired businesses with those of the Company;
- long-term growth depends on the Company's ability to continue to expand its network of restaurants and diners in a cost-effective manner; and
- while the Company's primary competition remains the traditional offline takeout ordering method, new and existing online competitors could emerge or gain traction in the Company's primary markets. These competitors may have greater resources than GrubHub and could impact the Company's growth rates and ability to maintain profitability.

Factors Affecting Performance

- The Size of the Company's Two-Sided Network. GrubHub's growth has come, and is expected to continue to come, from the Company's ability to successfully expand its two-sided network, which occurs through the growth of the number of restaurants and diners on the platform. The Company believes that increases in the number of restaurants will make the platform more attractive to diners and increases in the number of diners will make the platform more attractive to restaurants. Furthermore, the number of popular restaurants in each local market is an important factor in making the platform more attractive to diners.
- Seasonality. In metropolitan markets, the Company generally experiences a relative increase in diner activity from September to April and a relative decrease in diner activity from May to August. In addition, the Company benefits from increased order volumes in campus markets when school is in session and experiences a decrease in order volumes when school is not in session (during summer breaks and other vacation periods).
- Weather. Diner activity can also be impacted by colder or more inclement weather, which typically increases order volumes, and warmer or sunny weather, which typically decreases order volumes.

Products and Services

The following is a list of the Company's primary products and services. The Company's primary revenues are the commissions earned from restaurants for consumer orders generated on its platform.

Products

GrubHub and Seamless Websites

Diners can access the platform through www.grubhub.com and www.seamless.com. To use the websites, diners either enter their delivery address or use geo-location within the mobile applications and are presented with local restaurants that provide takeout. Diners can further refine their search results using the search capability, enabling them to filter results across cuisine types, restaurant names, menu items, proximity, ratings and other criteria. Once diners have found what they are looking for, they place their orders using easy-to-use and intuitive menus, enabling them to discover food choices, select options and provide specific instructions on a dish-by-dish basis. Once an order is received, the Company transmits it to the restaurant, while saving the diners' preferences for future orders, thus providing diners with a convenient repeat order experience.

GrubHub and Seamless Mobile Apps and Mobile Website

The Company offers diners access to the network through its mobile applications designed for iPhone, iPad and Android devices. The mobile applications provide diners with the same functionality as the Company's websites, including restaurant discovery, search and ordering. Diners can also access the platform from their mobile devices through the mobile website using any mobile browser. For restaurants, all mobile orders are received in the same way as the website-based orders, and the Company charges the same commission for both.

Seamless Corporate Program

On the Seamless Platform, the Company provides a corporate program that helps businesses address inefficiencies in food ordering and associated billing. The corporate program offers employees a wide variety of food and ordering options, including options for individual meals, group ordering and catering, as well as proprietary tools that consolidate all food ordering into a single online account that enables companies to proactively manage food spend by automating the enforcement of budgets and rules. The corporate tools provide consolidated ordering and invoicing, eliminating the need for employee expense reports and therefore significantly reducing administrative overhead relating to office food ordering.

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Allmenus and MenuPages

Allmenus.com and MenuPages provide an aggregated database of approximately 310,000 menus from restaurants across all 50 U.S. states. The websites are searchable by cuisine type, restaurant name, menu items and other criteria. For those restaurants whose menus are posted on allmenus.com or MenuPages and which are also part of the Company's restaurant network, the sites provide a link from their menus to the Company's websites, through which diners can then place their orders, providing the Company with an efficient customer acquisition channel.

OrderHub and Boost

Restaurants have historically received orders from GrubHub through a facsimile or email and are required to confirm the order over the phone. Though most of the restaurants on the Company's platform still use this traditional method, several thousand restaurants use the tablet solutions, OrderHub and Boost. These tools can electronically receive and display orders at the restaurant, providing operators with the capability to acknowledge receipt of the order and update the estimated completion time and status with an easy-to-use application. OrderHub and Boost allow the Company to monitor orders through the takeout process (receipt, ready for pickup, on the way, etc.). In turn, GrubHub can make that information available to hungry diners who are waiting for their orders, thus providing greater transparency, reducing their frustration and making the takeout experience more enjoyable.

Restaurant Websites

The Company offers the restaurants in its network a turnkey website design and hosting service powered by template-driven technology, which provides the restaurants in the network with a simple yet effective online presence. GrubHub processes the orders placed through these websites through its platforms.

Delivery

In certain markets, the Company offers delivery services to a small percentage of restaurants on its platform. By providing delivery services, the Company is able to enhance the transparency, consistency and reliability of the diner experience. Delivery services benefit the restaurants by allowing them to focus on making great food while GrubHub handles the complexity of operating the delivery networks.

Customer Care

Restaurants

Customer service is an important component of GrubHub's value proposition for restaurants, enabling them to focus on food preparation and delivery. The Company provides restaurants with 24/7 service, where representatives are able to assist with problems that may arise. The Company tracks and manages restaurant performance on the platform, helping restaurants manage capacity issues while ensuring that diners receive the service they expect.

In addition to operations-related services, the Company offers restaurants actionable insights based on the significant amount of order data the Company gathers, helping restaurants optimize their delivery footprint, menus, pricing and online profiles.

Diners

The customer service the Company offers to diners is also an important component of GrubHub's value proposition, helping to generate diner satisfaction and positive word-of-mouth referrals. The Company believes that it is its responsibility to make diners happy. When diners call the 24/7 customer service line, the Company typically helps them add items to orders that have already been placed and informs them of the status of their orders. The Company

believes that its excellent customer service drives diner referrals, more frequent ordering and overall loyalty to the platform.

Acquisitions

In February 2015, the Company completed the acquisitions of restaurant delivery service providers, DiningIn and Restaurants on the Run, Inc. See Item 8, Note 15, "Subsequent Events," in this Annual Report on Form 10-K for additional details.

Geographic Markets

The Company's geographic reach includes more than 800 cities across the United States as of December 31, 2014. The Company's largest markets are: Boston, Chicago, Los Angeles, New York, Philadelphia, San Francisco and Washington, D.C. During the years ended December 31, 2014, 2013 and 2012, the Company also generated a nominal amount of foreign revenues through its U.K. subsidiary.

Sales and Marketing

The Company's sales team adds new restaurants to the network by emphasizing GrubHub's low risk, high return proposition: providing more orders, without charging any upfront payments or subscription fees or requiring any discounts from a restaurant's full price menus, and GrubHub only gets paid on orders it generates for them. Many of the leads for new restaurants are generated through the Company's allmenus.com and MenuPages websites, which provide insights into which restaurants are popular with diners and are not yet on the network. The Company then contacts those restaurants either through the inside sales team, based in the Chicago office, or through the local, "feet-on-the-street" sales force. Once restaurants have joined the network, GrubHub representatives continue to work with them to maintain quality control and to increase their order volume. The sales team also focuses on adding new corporate program clients by emphasizing GrubHub's value proposition: a wide variety of ordering options for employees and proprietary tools that provide rule-based ordering and consolidated reporting and invoicing for employers.

The Company believes that its online ordering platform, innovative products and excellent customer service are its best and most effective marketing tools, helping to generate strong word-of-mouth referrals, which have been the primary driver of the Company's diner growth. The Company's integrated marketing efforts are aimed at driving existing diners to engage more frequently with the platform and encouraging new diners to try the platform. The Company uses both online as well as offline advertising. The advertisements educate people about GrubHub in an amusing and sometimes irreverent way, generating awareness among potential diners and driving overall order growth.

Technology

The Company generally develops additional features for its platform in-house, focusing on quick release cycles and constant improvement. GrubHub's web and mobile properties are either hosted by a third-party provider of hosting services or stored on secure remote servers and software networks through a public cloud provider. The third-party hosting service providers are located in Illinois, New York and Utah. The platform includes a variety of encryption, antivirus, firewall and patch-management technology to protect and maintain the systems and computers across the business. The Company relies on third-party off-the-shelf technology as well as internally developed and proprietary products and systems to ensure rapid, high-quality customer service, software development, website integration, updates and maintenance. The Company leverages off-the-shelf hardware and software platforms in order to build and customize its hardware-based products such as the OrderHub tablet, which is based on the Android operating system.

Customers

As of December 31, 2014, the Company served approximately 5.0 million Active Diners and over 30,000 restaurants. For the years ended December 31, 2014, 2013 and 2012, none of these Active Diners or restaurants accounted for 1% or more of the Company's net revenues.

Competition

The Company primarily competes with the traditional offline ordering process used by the vast majority of restaurants and diners involving paper menus that restaurants distribute to diners, as well as advertising that restaurants place in local publications to attract diners. For diners, GrubHub competes with the traditional ordering process by aggregating restaurant and menu information in one place online so that it is easier and more convenient to find a desirable restaurant option and place a customized order without having to interact directly with the restaurants. For restaurants, the Company offers a more targeted marketing opportunity than the yellow pages, billboards or other local advertising mediums since diners typically access the Company's platform when they are looking to place a takeout order, and GrubHub captures the transaction right when a diner has made a decision.

The Company's online competition consists primarily of local service providers, point-of-sale module vendors that serve some independent restaurants who have their own standalone websites and the online interfaces of larger chain restaurants that also offer takeout. Compared to other online platforms, GrubHub offers diners choices, whereas many online platforms offer only one brand and menu, particularly the chain restaurants. The Company also competes for diners with these online competitors on the basis of convenience, control and customer service. For restaurants, GrubHub competes with other online platforms based on its ability to generate additional orders as well as on reach, targeted scale and the ability to help them improve their operational efficiency, with product innovations like OrderHub and Boost, and diner experience.

Management believes the Company competes favorably based on these factors for both restaurants and diners. Although paper menus are still the Company's biggest competition, based on available information regarding the number of diners and restaurants on the platform and the number of orders processed through the platform, management believes GrubHub is the largest online provider of takeout orders in the United States for independent restaurants.

Seasonality

The Company's business is dependent on diner behavior patterns. In metropolitan markets, the Company generally experiences a relative increase in diner activity from September to April and a relative decrease in diner activity from May to August. In addition, the Company benefits from increased order volume in its campus markets when school is in session and experiences a decrease in order volume when school is not in session, during summer breaks and other vacation periods. Diner activity can also be impacted by colder or more inclement weather, which typically increases order volume, and warmer or sunny weather, which typically decreases order volume. Seasonality may cause fluctuations in the Company's financial results on a quarterly basis.

Intellectual Property

The Company protects its intellectual property through a combination of trademarks, trade dress, domain name registrations, copyrights, trade secrets and patents applications, as well as contractual provisions and restrictions on access to and use of proprietary information.

As of December 31, 2014, the Company had nearly 40